Daily Report

East Europe

FBIS-EEU-95-100
Wednesday
24 May 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
East Europe

FBIS-EEU-95-100 CONTENTS *24 May 1995*

NOTICE: This volume contains a representative selection of material previously disseminated in softcopy format.

ALBANIA

FRY Sanctions Seen as 'Very Necessary' *[Tirana Radio]* 1
Loan Defaults, Low Interest Rates Hurting Banks *[REPUBLIKA 23 May]* 1
High Domestic Electricity Use Halts Export *[KOHA JONE 23 May]* 2

BULGARIA

Results of Chernomyrdin Visit 'Political' *[DUMA 20 May]* 3
BSP Seen as Bowing to Moscow on NATO *[DEMOKRATSIYA 22 May]* 3
Union Leaders View Cooperation, Cabinet Tenure *[TRUD 19 May]* 4
Defense Minister on Status of Counterintelligence *[KONTINENT 3 May]* 5
Background, Role of UPEE, Industrial Club *[BULGARIAN BUSINESS NEWS 24-30 Apr]* 5

CZECH REPUBLIC

Klaus Urges Debate on Future Shape of EU *[Frankfurt/Main FRANKFURTER ALLGEMEINE 23 May]* 8
Klaus on Pope's Visit, Zieleniec's Talks *[Prague Radio]* 9
Klaus Discusses Trade Deficit, State Budget *[DENNI TELEGRAF 19 May]* 10

SLOVAKIA

Kovac on Domestic Situation, Coming Summit *[Budapest Radio]* 11
Kovac Promotes Civic Understanding, Reconciliation *[Bratislava TV]* 12
Pollster Explains Trustworthiness of Polls *[NARODNA OBRODA 19 May]* 12
Commentary Views Meciar's Conflict With Church *[PRAVDA 23 May]* 13
Hungarian Teachers Protest 'Political' Dismissals *[NARODNA OBRODA 22 May]* 14
Government Approves Report on Provisional Budget *[Bratislava Radio]* 14
Slowdown of Foreign Investment Reported *[HOSPODARSKE NOVINY 22 May]* 14
Green Alternative Holds Congress, Reelects Leader *[SLOVENSKA REPUBLIKA 22 May]* 15
Police Action Against DU 'Chilling Precedent' *[PRAVDA 23 May]* 15
DU To Protect Citizens From HZDS Tactics *[NARODNA OBRODA 22 May]* 15

HUNGARY

Horn Views Minority, NATO Expansion Issues *[Munich SUEDDEUTSCHE ZEITUNG 23 May]* 17
Ministry Official on Army's Civilian Control *[NEPSZABADSAG 20 May]* 18
Army Commander: Military Standards 'Acceptable' *[MAGYAR NEMZET 20 May]* 19
Defense Committee Official on Military Reform *[MAGYAR HONVED 31 Mar]* 20

BOSNIA-HERZEGOVINA

Teslic, Glamoc-Grahovo, Sarajevo Front Situation *[Editorial Report]* 24
Ganic on Milosevic Refusal To Recognize B-H *[Sarajevo Radio]* 24
Owen: B-H Recognition No Solution to Conflict *[TANJUG]* 25
General: Only Possible Borders Historic Ones *[Sarajevo Radio]* 25

Bosnian Serb President Karadzic Stand Viewed 25
On Contact Group Plan *[TANJUG]* 25
Federations 'Inefficient' *[Banja Luka Radio]* 25
Unification 'Not Too Late' *[SRNA]* 26
Krajisnik: RS, RSK Unification Inevitable *[BORBA 23 May]* 26
'Transitional, Interim Phase' *[SRNA]* 27
Personnel Changes in Banja Luka SDS Examined *[BIH EKSKLUZIV 28 Apr]* 27
RS Deputy Prime Minister Brdjanin Detained *[BIH EKSKLUZIV 14 Apr]* 27
Article: Poison Gas Used in Bihac Area *[BIH EKSKLUZIV 14 Apr]* 28
Article: Pale Leaders' Loot Moved to Serbia *[BIH EKSKLUZIV 14 Apr]* 28

CROATIA

Krajina Leader Opposes Union With Bosnia Serbs *[TANJUG]* 29
Izetbegovic's Understanding of Federation *[Zagreb TV]* 29
Opposition Parties Preparing for Early Elections *[SLOBODNA DALMACIJA 6 Apr]* 30
Susak Promises Liberation by Apr 1996 *[SLOBODNA DALMACIJA 29-30]* 31
Article: Military Situation in East Assessed *[SLOBODNA DALMACIJA 10 Apr]* 32
Commander on Role of HVO Military Police *[SLOBODNA DALMACIJA 11 Apr]* 33
Anniversary of 9th Rafael Vitez Boban Battalion *[SLOBODNA DALMACIJA 11 Apr]* 34
HND Accusation of Police Harassment Viewed *[SLOBODNA DALMACIJA 13 Apr]* 35
HNS Presents 'Contract for Different Croatia' *[SLOBODNA DALMACIJA 13 Apr]* 35
Role of Special Police, Future Coast Guard Unit *[SLOBODNA DALMACIJA 13 Apr]* 36

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA

Ministry Closes 5 Private Radio, TV Stations *[RILINDJA 24 May]* 37
Foreign Ministry Denies Signing UN Demarche *[MIC]* 37
Yugoslav, Serb, Montenegrin Unions Visit Skopje *[NOVA MAKEDONIJA 19 Apr]* 37
Problems in Selling U.S. Corn Discussed *[NOVA MAKEDONIJA 20 Apr]* 37
Constitutional Court on Use of Foreign Symbols *[NOVA MAKEDONIJA 20 Apr]* 38
Draft Law on Defense Education Viewed *[NOVA MAKEDONIJA 23-24 Apr]* 39

POLAND

IZVESTIYA Account of Walesa Remarks Denied *[Warsaw Radio]* 41
Kuron Views Candidacy, 'Dream' for Future *[RUDE PRAVO 19 May]* 41
Prof. Zielinski Complains of 'Negative' Campaign *[GAZETA WYBORCZA 23 May]* 42
UOP Head on Work Methods, Campaign, Elections *[RZECZPOSPOLITA 19 May]* 43
Features of Presidential Candidates Viewed *[ZYCIE WARSZAWY 16 May]* 46
Amendments to Privatization Law Examined *[NOWA EUROPA 6 Apr]* 48
Commentary Calls For Central Bank's Independence *[NOWA EUROPA 1-2 Apr]* 50
Supreme Chamber of Auditing Reorganization *[TYGODNIK MALOPOLSKA 30 Mar]* 51
Effect of 'Black Market' Employment Noted *[ZYCIE GOSPODARCZE 9 Apr]* 52

ROMANIA

PD Condemns Russian 'Neoimperialist' Actions *[AZI 16 May]* 56
Director of ANEA Views Office's Role *[VOCEA ROMANIEI 17 May]* 57

SLOVENIA

U.S. To 'Strive' for Lifting of Arms Embargo *[Ljubljana Radio]* 59
'Numerous Benefits' From EU Agriculture Deal *[Ljubljana Radio]* 59
Article Criticizes Foreign Minister Thaler *[DNEVNIK 21 Apr]* 59
Poll: Exporters Provide Feedback on Entering EU *[SLOVENIA WEEKLY 15 Apr]* 60
Report on Foreign Exchange Reserve Figures *[VECER 22 Apr]* 61
External Debt Examined End of Feb *[VECER 22 Apr]* 61
Minister Dezelak Discusses Economic Goals *[DNEVNIK 21 Apr]* 61
Trade Deficit With Visegrad Group Viewed *[REPUBLIKA 20 Apr]* 63

YUGOSLAVIA

Federal

Government Officials View Lifting of Sanctions 65
Kontic: 'Without Delay' *[Belgrade TV]* 65
Zebic Cites Losses *[TANJUG]* 65
Economic Performance 'Imposing' *[TANJUG]* 65
Article: Conditions for Recognizing FYROM *[POLITIKA 21 May]* 66
Article: NIN Surveys Current Readership *[7 Apr]* 67

Serbia

Milosevic Nonrecognition of Bosnia Viewed 67
Offer Rejected *[AFP]* 67
Ganic: 'Unfortunate' *[AFP]* 68
Minister Expects Lifting of Sanctions in Jun *[TANJUG]* 68
Draskovic: Bonn Sees Serbia as 'Leading Power' *[Belgrade Radio]* 68
Citizens Urged To Deposit Cash With Banks *[Belgrade Radio]* 69

Montenegro

Djukanovic Carries Out 'Purge' of Police *[AFP]* 69

Kosovo

Pan-Serb Meeting Seeks Expulsion of Albanians *[RILINDJA 23 May]* 70
Cases of Serbian Police Arrests, 'Brutality' *[Editorial Report]* 71

FRY Sanctions Seen as 'Very Necessary'

AU2305152095 Tirana Radio Tirana Network in Albanian 1330 GMT 23 May 95

[FBIS Translated Text] The Albanian charge d'affaires in Belgrade has denied reports that our country has signed a demand to Butrus Butrus-Ghali regarding lifting sanctions against the former Yugoslavia.

This false report that Albania is supposed to have demanded the lifting of the embargo against Serbia and Montenegro has been reported by progovernmental Serbian media and several other media in Greece.

The charge d'affaires at the Albanian Embassy in Belgrade has informed the Kosova Information Center about the Foreign Ministry's positiion on this issue, thereby denying this Serbian and Greek news report.

Our Foreign Ministry has declared that the Albanian Government considers sanctions against Serbia and Montenegro very necessary to [word indistinct] those who caused the aggression to accept the solutions offered by the international community, to accelerate the solution to the conflict in Bosnia-Herzegovina and Croatia, to prevent the conflict's being extended into the southern Balkans, and to force the search for a just solution to the Kosovar problem.

Meanwhile, Albania favors the implementation in practice of the two resolutions approved by the 49th UN General Assembly to offer compensation to the neighboring countries of the former Yugoslavia, which are suffering from the sanctions.

Loan Defaults, Low Interest Rates Hurting Banks

AU2405071595 Tirana REPUBLIKA in Albanian 23 May 95 p 2

[Article by Milo Mali: "Our Banks Threatened by Nonrepayment of Loans"]

[FBIS Translated Text] According to the most recent report by the Bank of Albania, the value of loans unrepaid according to schedule amounted at the end of January to 2,549,500,000 leks, or 28 percent of the total outstanding credit. This large unrepaid sum has made our banks hesitate before giving credit to support the development of both the private and state sectors. They have lost confidence in their clients. The number of unrepaid loans is now very high. Months ago, the Savings Bank turned to the Enforcement Department of the Tirana Court with cases concerning both private persons and state enterprises. Every day, bailiff Luan Kuci makes valuations of properties seized as hostage to the contracts between borrowers and the bank. Following court orders, the Enforcement Department has put many houses up for sale in order to cover liabilities incurred by failures to repay loans. This month alone, it must sell 20 homes and other buildings for our banks. "If these sanctions had not been taken," credit experts say, "the bank would be in serious financial difficulties." However, our banks are equally concerned at the large increase in the number of enterprises that previously benefited from credit but are now either fully privatized or in the process of being sold, while the privatization agencies, in selling them, do not take into account their obligations toward the banks.

The banks most affected by loan defaults are the National Merchant Bank and the Agrarian Bank. In the last three months, the unrepaid loans at the National Merchant Bank have reached 60,300,000 leks. Faced with these difficulties, the banking system established a credit limit for the first quarter of this year of 800 million leks, a low figure in comparison with the same period last year. This is explained by the fact that our banks were able to recoup only 82 percent of repayments for credit they had granted. The figure for short-term loans is even lower: only 73 percent of these have been repaid on time.

However, this is not the sole worry of our banks. Another is a significant decline in the number of depositors. Our depositors are not worried about the security of their savings in our merchant banks, but about their "erosion" by inflation. This real concern arises from the decline in the purchasing power of money and the continuing price increases. Even though the bank pays interest, the real rate of bank interest is eroded by inflation and price hikes. Albania is considered a country with high inflation rates. Our depositors, because of inflation that the banks declare to be 15.8 percent, have witnessed a 1-percent decline in the value of their savings.

The annual real interest rate of 8 percent is low for the rate of inflation. If earnings on deposits are to be secure, inflation must be one half of the annual interest rate. In the United States, the nominal interest rate on a one-year savings deposit is indeed 5.5 percent, but inflation there is 2.5 percent and such figures provide real earnings.

The practices of the Albanian Bank in both grants of credit and interest rates must finally be brought into line with the market economy; a great deal needs to be changed both in work habits and in managing accounts to order to cope with modern operations.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

High Domestic Electricity Use Halts Export

AU2405071295 Tirana KOHA JONE in Albanian 23 May 95 p 6

[Article by Albert Nikolla: "Albania Continues Not To Export"]

[FBIS Translated Text] For the eighth successive month, Albania has not exported electricity to other Balkan states or to the West. Specialists say that the reason for the absence of exports has been the ninefold or tenfold increase in electricity consumption by the Albanians themselves. Since November of last year, when electricity exports were suspended for the first time, the level of the lakes has been considered satisfactory and the hydroelectric stations have been working at full capacity. However, specialists of the Electrical Energy Corporation are being cautious, because a repeat of the dry autumn of 1994 would lead to serious losses for the Albanian hydroelectric system. The principle of "no to electricity exports" therefore prevails. Mr. Ymer Balla, deputy director of the Energy Corporation, says that levels in the major lakes have been at a maximum and that "the situation is expected to improve, because the Drin River is flowing very strongly. At Fierze, where the level is just what is required, the flow yesterday was 330 cubic meters per second, which offers hope for maximum flows within a few days." However, it seems that the crisis of November- December 1994 has obliged specialists not to hurry to export electricity, despite the favorable conditions now pertaining.

January 1996—Investments Begin

An investment involving a loan approved by the World Bank of no less than $96 million in order to avert an energy crisis like that of the winter of 1995 will be the prologue to a series of investments in the Albanian energy network. This has been officially confirmed on the basis of an agreement signed in London between representatives of the Albanian Energy Corporation and the World Bank, Mr. Ymer Balla confirmed. OECF, a Japanese bank with an undisputed worldwide reputation, will put $29 million into financing the project—to be followed by $20 million from the London-based European Bank for Reconstruction and Development.

The Swiss Government will contribute $10 million, and the Italian Government $7 million. However, there will be no shortage of contributions from other states and institutions.

Thermoelectric Stations Paralyzed

The thermal generation of electricity is very expensive. Therefore, only two of Albania's thermoelectric stations are operating. Thermoelectric stations produce only 200,000 kilowatt-hours of the 10 million kilowatt-hours the Albanian electricity network currently consumes. Meanwhile, present conditions are obliging the Albanian Energy Corporation not to invest in the thermoelectric stations that produce the larger part of the world's electricity and are a secure source of electrical energy.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Results of Chernomyrdin Visit 'Political'

AU2405090395 Sofia DUMA in Bulgarian 20 May 95 p 9

[Commentary by Plamen Enchev: "A Much-Anticipated Return"]

[FBIS Translated Text] Do you remember how, four years ago, a rather hazy personality who later became Bulgaria's foreign minister announced his intention to take the USSR to court?

Do you remember how, for two or three years, everything possible was done at all levels to cause the river that used to flow between Bulgaria and the USSR to dry up?

Do you remember how Bulgaria lost its traditional markets, which were taken by competitors? Do you remember how we used to wait in vain for spare parts for our rusting aircraft and tanks? Do you remember how many people had to cancel their plans to work in the Komi Republic? And what about the oil, gas, and coal tap that was turned off, and the dark and cold winters?

And how many times they wanted to blow up the Monument to the Soviet Army in the center of Sofia? "Big Brother" used to respond in kind to every such intention. Should we blame him today, when there are no longer "Big Brothers" and everyone has to resolve his problems alone? Democracy and free initiative have replaced the incantations of the old days, from which we all suffered. Many years had to pass to understand that there cannot and must not be any contradiction between Bulgaria's Euro-Atlantic priorities and its traditional relations with Moscow. Yesterday President Zhelev himself finally declared this. Thus history played a mean trick on the gentleman we mentioned at the beginning of this commentary, as well as on many others, whose voices become weaker and weaker.

Today the USSR no longer exists, but Russia remains, and will continue to be, a world superpower, which everyone—willingly or unwillingly—must take into consideration.

It is from this angle that we must assess the visit of Russian Prime Minister Viktor Chernomyrdin to Bulgaria. Furthermore, though signing the 16 bilateral agreements and accords was an economic factor, the results of the visit itself are political. Thus, the government of the Democratic Left acquired credit that its opponent could only envy. This is so because this was the first time after the two presidents signed the Treaty of Friendship Between Bulgaria and Russia in 1992 that the strategic aspects of our economic relations have been specified. As the people say: Friendship is free, but the cheese has its price.

Therefore, we are certain that money, investments, joint projects, and trade have been discussed in the talks with Russia. There has likely been a clash of interests, with each side protecting its position, and this despite the fact that Russia is a superpower, while Bulgaria only a "factor of stability in the Balkans."

The two sides found a common formula even on such a delicate issue as Bulgaria's eventual candidacy for membership in NATO (if we are invited). This formula is based on collective security in Europe and the clear understanding of both countries' interests. The last sentence is the joint product of Prime Ministers Chernomyrdin and Videnov. It would be interesting to see who would oppose this thesis and how.

Chernomyrdin's visit and the documents that have been signed in no way mean that suddenly rivers of gas and oil will begin to flow toward Bulgaria; that joint enterprises will make millions of dollars; and that Bulgarian cigarettes, shoes, electric cars, and so on, will again conquer the huge Russian markets. The liberalization of foreign trade obtained political support. From now on it is the laws of the free market that will determine everything.

Today Viktor Chernomyrdin begins the unofficial part of his visit. Rumor has it that he and Videnov will go hunting. We wish them luck. However, the targets have already been hit, in Sofia.

BSP Seen as Bowing to Moscow on NATO

AU2405082895 Sofia DEMOKRATSIYA in Bulgarian 22 May 95 p 3

[Commentary by Milena Boyadzhieva: "'Positano' Invented Flank Movement Against NATO"]

[FBIS Translated Text] Chernomyrdin came, saw, and issued instructions as to what Bulgarian foreign policy should be. On Thursday [25 May] we will understand whether he has established total or partial control over our foreign policy. On that day the National Assembly commissions on foreign policy and national security will have a joint meeting at which they will discuss our parliament's position on Bulgaria's attitude toward NATO. The ministers of foreign affairs and defense will present their ministries' opinions at the meeting. The meeting was postponed for a week because of the Russian prime minister's visit.

On Friday Chernomyrdin officially stated that Russia will not retreat from its position against the eastward expansion of NATO. Like a broken record, Videnov

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

repeated his old sentence that everyone now knows by heart: We will move toward NATO if this does not contradict the security of another state (meaning Russia).

Political observers noted another statement made on the same day: Only minutes after his talk with Chernomyrdin, National Assembly Chairman Sendov permitted himself the luxury of having a personal opinion, and said that Bulgaria should join NATO. He also shed light on a premonition he has, which at first sight sounds crazy: Someone in NATO very much wants Bulgaria to relinquish its idea of joining NATO. Sendov is not a person who makes statements that contradict those of his boss Videnov. In addition, the 100-year-old party bans completely any private opinions at this time of the year.

Obviously, the preliminary script on the NATO issue has already been prepared at Positano Street [Bulgarian Socialist Party headquarters]. It follows the "I want/I do not want" line and all roles have already been distributed. The leaders snaps "no!", the parliamentary chief whispers "yes," and the result is the mathematically average "almost." Actually, this is what Sendov's statement meant, and now the other leaders will repeatedly explain it to us along the line of "we do want, but they do not want us."

Stoyan Denchev from the Rights and Freedoms Movement said on national radio yesterday that the parliament's position on NATO will be adopted with several amendments. We must take into consideration Russia's interests in the Balkans, Denchev pointed out.

On Thursday we will learn how big the compromise is. We already can expect, however, that it will fully satisfy Moscow and its interests in the Balkans.

Union Leaders View Cooperation, Cabinet Tenure

AU2405105395 Sofia TRUD in Bulgarian 19 May 95 p 9

[Interview with KNSB leader Professor Krustyu Petkov and Dr. Konstantin Trenchev, leader of the Podkrepa Labor Confederation, by Sonya Gulubarova; place and date not given: "We Have No Intention of Signing a Conspiracy Document"]

[FBIS Translated Excerpt] [Gulubarova] Why is a "summit" meeting necessary today? Will you unite against the "common trouble"—the socialist cabinet—or are you simply going to sound each other out in a warm-up for future action?

[Petkov] If anyone thinks we are going to sign a document of conspiracy or send threatening letters, he is wrong. The meeting is taking place for one reason only: the current situation, which has changed fundamentally in comparison with the beginning of the Bulgarian Socialist Party [BSP] rule.

I would not say that we have been struck by sudden trouble. Simply, this is the third government that has tried to implement the principles of monetarism and neo-Thatcherism. This encourages a cool and hostile attitude toward the trade unions. Instead of being seen as partners, we are viewed as a destructive element and Number One Enemy. Many people in Bulgaria would like to see the two trade unions cooperating in difficult situations.

[Trenchev] Actually, we have had such meetings in the past. Indeed, we have maintained practically permanent contact. There is a lot of fuss about this meeting because it is an official one. Over the years, during which we ostensibly had no contacts, we have met at least 200 times at the Tripartite Council and at international forums. There are no fundamental and major contradictions between the two trade unions. There are certain ideological differences, which spring from a different assessment of the political situation and a bias. In the Confederation of Independent Trade Unions in Bulgaria [KNSB] there are federations that openly collaborate with the BSP and carry out its instructions. People in the KNSB have become a direct part of the socialist executive and this testifies to the ideological links between them and the BSP. We on the other hand have never tolerated the Communist ideology. [passage omitted]

[Gulubarova] How long do you think this government will last? Governments have fallen after similar meetings in the past.

[Petkov] Those who attended the 16 April 1992 meeting in Bistritsa know that we did not talk at all about toppling the government. We wanted to establish, and indeed did establish, unity in trade union activities. I assume that this is what will happen now, too. I would be happy if the rally we announced and which will take place in June becomes a joint action, without any quarrels about claiming credit. I would like to see the government work for four years, using this time to implement the election program in the name of which it was elected, and its program declaration. At the moment they are doing neither. Whether the ruling party will make changes in the cabinet or replace it altogether is solely the business of the BSP. I expect that the BSP's upcoming summer conference will not be happy with the assessment of the cabinet's activities that it will hear. There are already signs indicating this, and more are accumulating. My personal opinion is that the BSP will

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

not retreat from its positions at the upcoming municipal elections.

[Trenchev] If the cabinet does not review its policy in many areas, there will be serious tension. Many people who voted for the BSP and were deceived will wake up. We should not be surprised if there is a hot political and trade union autumn. At the moment the municipal elections are only a vague future event. It appears that most of the players are not seriously thinking about them. They will probably utilize the summer for this. If the democrats again allow subjective factors to gain the upper hand, they will again lose the elections. That would be a pity, because if the opposition wins—even with a small advantage—a correcting mechanism would emerge that could check the almost total parliamentary and governmental dictate that exists now. The great answer to the question of whether the cabinet will survive for long depends on whether the cabinet succeeds in coping with certain great challenges: inflation, unemployment, foreign investments, privatization, and crime. However, I am very skeptical on this issue, because the measures the cabinet proposes have been taken from the Marxism-Leninism textbooks.

Defense Minister on Status of Counterintelligence

95P20779A Sofia KONTINENT in Bulgarian 3 May 95 p 3

[Article by Daniela Subsheva: "Dimitur Pavlov Wishes the VKR To Be Subordinate to the General Staff"]

[FBIS Translated Text] Sliven—After a working meeting with the staff of the Third Army in Sliven yesterday, Defense Minister Dimitur Pavlov acknowledged that quite a lot of errors had been allowed to occur with respect to Military Counterintelligence (VKR). He believes that it would be felicitous for it to remain subordinated to the General Staff of the armed forces and to strengthen its structure.

In mid-April, Interior Minister Lyubomir Nachev called for the VKR to be moved once again to the organization of the MVR [Ministry of Internal Affairs]. Its subordination to the General Staff was contrary to practice elsewhere in the world, he argued. The fact that the MVR did not control Military Counterintelligence was one of the reasons for the incident involving the Transport Troops in which two soldiers and a noncommissioned officer were shot, Mr. Nachev explained at that time.

Currently, the government is said to be considering three options—the VKR being subordinate to: the General Staff, the MVR, or to the Minister of Defense personally; the last variation being a compromise. After evaluating all three, the cabinet should reach a decision.

Minister of Defense Pavlov, who attended the working meeting of the Third Army's staff yesterday, said that the incorporation of Bulgaria in the European Union, the Western European Union, and NATO appears promising, but, in reality, it brings many obligations. In his opinion, for the incorporation of our country in these structures, it is necessary to stimulate economic development which will become very difficult. The minister thinks that the basic interests of NATO are directed more closely toward Latin America, the countries of the Maghreb, and western Europe.

Dimitur Pavlov said that the financial requirements of the military may exceed the 25 billion leva obligated in the budget. In his opinion, three billion leva alone will go toward necessary repairs and 2.8 billion for fuel and implementing mobilization exercises.

The 10-15 percent increase in the military budget for each successive year, Pavlov continued, will not lead to the collapse of our economy, but will enable the Bulgarian military to keep in step with the other armed forces. This increase should promote the military's modernization and make up for the lapses during the past four years.

Background, Role of UPEE, Industrial Club

95BA0240A Sofia BULGARIAN BUSINESS NEWS in English 24-30 Apr 95 Vol 5 No 17, p 16

[Unattributed article: "UPEE Is One of the New Emerging Structures in Bulgaria, Says Its Secretary Vladimir Pavlov"]

[FBIS Transcribed Text] Last week saw the first meeting of the Industrial Club of the Union for Private Economic Enterprise (UPEE). The discussion focused on the management of the public sector in this country. On the basis of an advance analysis, the Club concluded that the chaos in that sector of the national economy has a negative impact on the nation's emerging private business.

The Industrial Club will work out measures to promote progress in the economy, and will present them to the executive bodies, said Mr Petyo Bluskov, President of UPEE and of the 168 Hours Press Group.

What is the Industrial Club?

The idea for such a club was floated among UPEE members in late 1994 and early 1995, says UPEE Secretary Vladimir Pavlov. The idea is for entrepreneurs (both in the public and in the private sector), politicians, MPs [members of parliament], businessmen, analysts, journalists and scientists to meet and discuss important

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

ideas for the promotion of Bulgarian business. Ninety-four to ninety-five percent of Bulgarian industry is state-run; this fact has a key role in the development of the private sector.

The subject of the first meeting concerns the private sector in the process of privatisation. In addition to the key report of the team's leader, Prof. Iliya Georgiev of the Bulgarian Academy of Sciences' Economic Institute, there was a UPEE report on whether the management of the state share in companies facilitates, or impedes, the development of the private sector.

The second topic will be re-engineering, which is a new concept, a new way of work organisation, even a new way of thinking. Our idea is to base discussions on the latest studies of scientific teams, which for some reason or other are unknown, or partially known, to government officials, with a view to their practical implementation.

The UPEE cannot sponsor legislation according to effective law. You developed the small and mid-size business draft law. In what ways do you lobby in favour of your ideas?

We not only believe there are ways of lobbying, we have found some. A typical example is the bill you mentioned, known as the "Mollov Bill" after former UPEE President Valentin Mollov. The draft was submitted three years ago and passed through all parliamentary procedures. We lobbied MPs and met the Deputy Chairman of the Budget and Finance Committee at that time, Assen Michkovski, and the text almost entered a list of priority bills in Parliament. After the general elections last December, we have been negotiating with several MPs of different parliamentary groups on sponsoring or co-sponsoring the draft in Parliament.

In individual cases we draft and send to government bodies expert opinions, suggestions and ideas on individual issues of business development, or on obstacles to private business. Thus, at a meeting with the National Assembly Chairman, Acad. Blagovest Sendov, this March, Mr Valentin Mollov, the first and now Honorary UPEE President, and Mr Petyo Bluskov, the current President of UPEE, promoted UPEE ideas about necessary changes in the Aggregate Income Tax Act that would smooth the way to private business. Particularly, they presented an expert opinion on the proposed changes.

What are these proposed changes?

There are many of them, and the final conclusion is that the Aggregate Income Tax should be fully replaced. We believe that the legal basis for the promotion of business, be it state-run or private, is old, and the laws should not be amended but replaced.

In some cases authorities have taken our views into account, and in others they have disregarded them. This does not prevent us from pressing on with action. In 1993 the Constitutional Court ruled that we are a side in discussions on the matter of the wine making monopoly. Our expert opinion was taken into account by the Constitutional Court.

We also work through the Trade Policy Council of the Ministry of Trade, which as yet meets sporadically, through the Council for the Promotion of Industry with the Ministry of Industry, and through commissions distributing export quotas with the Ministry of Agriculture, etc.

Unfortunately, many key government bodies do not seem interested in the views of the private sector. Thus, members of the Supervisory Board of the Privatisation Agency have been replaced several times; appointments of government officials continue, after both Parliament and the Council of Ministers changed their quotas after the last elections; yet no representatives of private business have been appointed. We do not necessarily mean members of the UPEE—they could be representatives of the Bulgarian Chamber of Commerce and Industry or the Bulgarian Economic Chamber.

We believe a public board should be formed with the Committee for European Integration which is currently being established. The board would include non-profit corporations, which have an important role in a civil society.

We have drafted several projects for co-operation with the EU and have the necessary experience to work with it.

The situation is similar with the Agency for Foreign Investment, which should also take into account the views of private business people. We can point to bodies in all kinds of fields which we believe should include representatives of our organisation.

Likewise, the Small and Medium-Size Business Fund is managed by government officials. We asked for private businessmen to be included during the tenure of Mrs Reneta Indjova's Caretaker Cabinet, which request was denied. We believe the Fund's management is ineffective.

UPEE is the largest organisation of private employers in Bulgaria. What is its position in the National Council for Tripartite Co-operation?

According to the amended Labour Code, since early 1993, the UPEE has been representing the private sector

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and employers in the Council. The Council had its ups and downs in the last three years; its work was twice suspended for political reasons. We do not believe that was a step in the right direction, as the Council exists according to operative legislation (the Labour Code) and has to fulfill economic, financial and social tasks.

The interests of labour are represented by the trade unions. Most private firms in Bulgaria are small and medium-size, these are family firms. I would call this the model of microbusiness, where the interests of employers and employees merge. Some of our members are large companies. Yet we expect that in privatisation, when in accordance with law 20 percent of shares pass into the hands of employees, we will represent both sides. In this way, we would come to the classical model of the developed industrialized countries.

UPEE was set up on December 17, 1989. It has turned into the largest private sector organisation, with 8,000 fully-private member companies. It is a non-profit, non-governmental, non-political public organisation.

UPEE is not a business holding company, or an industrial association. It has a staff of seventeen people in Sofia, seven at the head office, and the rest with the information and consultancy office.

While the theory of new emerging markets is being developed in the West, we here promote the theory of the new emerging structures. UPEE is one of these structures in Bulgaria, which are free associations of private companies, pillars of civil society.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Klaus Urges Debate on Future Shape of EU

AU2305195195 Frankfurt/Main FRANKFURTER ALLGEMEINE (Czech Republic supplement) in German 23 May 95 pp 1-2

[Interview with Czech Prime Minister Vaclav Klaus by Dieter Korger in Prague; date not given: "EU Membership as an Objective"]

[FBIS Translated Text] [Korger] Prime Minister, how far advanced are the economic reforms in the Czech Republic?

[Klaus] The transformation of the Czech economy and society is in its final phase. As far as the economy is concerned, the basic systemic changes have already been completed. There has been a broad liberalization of the market, i.e. the easing of controls on prices, foreign trade, and currency rates. The legal and institutional framework for the functioning of a market economy has been created. The great work of privatization is almost completed, and a comprehensive reform to the social security system has commenced. Right now, the Czech economy is at a stage where the systemic changes are already affecting the development of the sphere of enterprises, the microeconomic sphere, and the sphere of economic growth, the macroecomic sphere.

[Korger] Although western investors see the Czech Republic as an ideal location for their premises, many entrepreneurs are hesitant to set up business there through fear of Czech bureaucracy and gaps in the legal system. Are such fears justified?

[Klaus] The basis of the economic reform is the creation of enough room for the market to function and the minimization of interference by the state administration. Of course, this is an entire process involving not just the creation of new legislation, but also a change to old work habits and to the mentality of the state authorities. But I do not think that the situation in this sphere presents any obstacles to foreign investment in our country. The increasing influx of foreign capital into our country shows that foreign entrepreneurs do not share your fears.

[Korger] What is your opinion of the economic relations between the Czech Republic and its immediate neighbors?

[Klaus] Economic relations between the Czech Republic and its neighbors are very intensive. Our most important economic partner is Germany, which has gone into first place in trade and investment. Our relations with Slovakia, with which we have a customs union, also occupy a special place. Our relations with Austria are displaying an increasing growth trend. With Poland, too, we are succeeding in regenerating our economic relations. The European agreement between the Czech Republic and the EU, to which Germany and Austria belong, and the CEFTA agreement, to which Poland, Slovakia, and Hungary belong, has had a beneficial effect on relations with our neighbors. This agreement has created the prerequisites for a further intensification of economic relations with these countries.

[Korger] The Czech Republic wants to join the EU, but is also considered a leading critic of European "overbureaucracy." Do you consider this a paradox?

[Klaus] EU membership is our foreign policy's basic strategic goal. A new expansion of the EU would meet resistance from existing mechanisms and procedures. In any case, the EU has reached a crossroad. Both inside and outside the EU, a debate should be held to examine the EU's future shape. We think the voice of those countries who are seeking to become EU members should also be heard in this debate. A more flexible functioning of European institutions and the "debureaucratization" thereof are general demands with which I think most countries will agree. In this respect I see no paradox.

[Korger] What can the Czech Republic contribute to the EU as a member?

[Klaus] It can make the same contribution as the most recent members have done. We are a stable democratic country in the heart of Europe, a country of educated and highly trained people and a dynamic developing economy. We do not expect any transfers or subsidies from EU membership. We know very well that the contribution must be mutual. We are prepared to contribute to the shaping of an integrated Europe with the resources at our disposal.

[Korger] The Czech Republic has suffered an enormous amount of environmental damage. How do you plan to contain it?

[Klaus] Just like in the territory of the former GDR, the environmental damage inherited by the Czech Republic from the previous regime is enormous and cannot be rectified overnight. Nevertheless, we have succeeded in reducing pollution to a considerable degree and in correcting the damage. The introduction of a market economy was the most important contributing factor to the changes. The market economy has created realistic prices for resources that reflect operating and production costs. It has reduced senseless production for its own sake, which was typical of the former regime. At the same time, it has eliminated environmental exploitation, which used to be subsidized by the state. The environment is a central topic of the government policy.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The elimination of environmental damage is a standard condition.

[Korger] The Germans and Czechs are still separated not just by the burden of history, but also by preconceptions and generalizations. What do you think must be done to improve the neighbor relationship?

[Klaus] I consider the neighbor relations between the Czech Republic and Germany very good. I do not think that the historical burden or preconceptions could cause complications in these relations. The presence of extremists in each country, who abuse human preconceptions for their own purposes, is quite normal. But these forces do not play a major role either in the Czech Republic or in Germany. I am not saying that bitter historical experiences and preconceptions can be erased by means of a simple formula. They can only be erased through mutual trust and acquaintanceship and by looking to the future. The young generation, which is not burdened with history, has already begun to adapt. Therefore, as far as relations with our neighbors are concerned, I am an optimist.

Klaus on Pope's Visit, Zieleniec's Talks

LD2305181695 Prague Radiozurnal Radio Network in Czech 1615 GMT 23 May 95

[FBIS Translated Excerpt] In his interview for Czech radio, Prime Minister Vaclav Klaus assesses the visit of Pope John Paul II to our country, talks about his visit to Ostrava region, and discusses Foreign Minister Josef Zieleniec's talks in Germany. The interviewer is Miroslav Konvalina.

[Konvalina] Prime Minister, the pope's visit to the Czech Republic was being accepted in a contradictory way. Catholics welcomed the visit, some Protestants were angered by it, yet the non-Christian public, particularly in the Czech region, remained largely indifferent toward this event. You have already said that you considered the pope's stay significant. Can you say more about it? Can you tell us why this is so?

[Klaus] I am against any sort of strict assessment in the sense of success or lack of it, whether or not it meant something to everyone.

It was a very significant visit. He is a man who is known for his very strong messages, which he himself and in the role he is playing communicates to the world. I think it provides a reason to think for everyone, and this visit has certainly achieved it.

If every citizen of this republic, the believing Christians, considered the canonization of this or that saint as an ideal choice, that is a completely different matter, and I see no reason why I should comment on it. The fact that someone will not be affected by the pope's visit—that is natural. We are in a democratic society. We have created a pluralistic society, the society of tolerance, the society without prohibitions and commands, so the dream that 100 percent of us will applaud one thing is in the distant past.

[Konvalina] Christians in advanced democracies in Europe and in the United States struggle very hard for what John Paul II likes to talk about—for the right to life, that is, against abortion, euthanasia, and so on. In your view, why have such sharp discussions not occurred yet in our country on a political level?

[Klaus] Well, they have not occurred because no one has elevated them to this level and I think if they were elevated to this level, naturally, as everything else, they would disturb our political spectrum. The fact that they have not been elevated, I think, is quite logical, because it is evident that such views could not win any meaningful majority; that is why no one is presenting them vehemently. [passage omitted]

[Konvalina] Yesterday, Minister of Foreign Affairs Josef Zieleniec did not come to the planned meeting with German Foreign Minister Klaus Kinkel. It took place later, in the end, but the secrecy surrounding this visit and referral to its private character, did not end. Is this not too great a hazard to ignore the media at a time when Czech-German relations are increasingly being discussed?

[Klaus] I spent yesterday in Ostrava and have only just returned. I came just a few minutes before we started recording this interview, and I truly have no other information except what is in the media. So the consideration about whether the meeting should or should not have taken place, was announced or was not announced, whether someone turned up or not—I do not want to say anything about it, I know absolutely nothing about it, and I am sure that the foreign minister will provide a clear explanation.

Let us simply respect the fact that some foreign visits are official state visits, others are working visits, and others still may involve meetings with some politicians on the occasion of an unofficial visit. Minister Zieleniec went to a concert of the Czech Philharmonic. Naturally, he wanted to use this for discussions with a number of German politicians. That is clear, and we must respect that this is not an official state visit, and I think that media information must be adequate, and I hope that it is adequate or will be so.

[Konvalina] Prime Minister, thank you for the interview.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Klaus Discusses Trade Deficit, State Budget

AU2305134095 Prague DENNI TELEGRAF in Czech 19 May 95 p 3

["Regular" interview with Prime Minister Vaclav Klaus by Tomas Chalupa in Prague on 18 May: "We Consume Too Many Imported Goods"]

[FBIS Translated Excerpt] [Passage omitted] [Chalupa] During the first three months of the year, the trade deficit reached 18.5 billion korunas. What is the reason for this, and where do you see a solution to this problem?

[Klaus] The first question to ask is to what degree can one consider this swing a long-term situation? The second issue to consider is that a trade deficit in itself is no tragedy. We are more concerned with the current account of our balance of payments which includes trade in services and tourism, and trade in goods. Only all of these elements together form the key item. Hence, it is not the matter of the trade balance, per se, rather that the trade deficit can be, as we say, financed, so it is not detrimental to our foreign currency reserves. That would be dangerous—but that is not the case. Third, the manner in which the necessity of initiating a proexport policy has been referred to is completely erroneous. Even the most brilliant, and for taxpayers, the most costly, proexport policy could have an effect in a matter of years, but certainly not in quarters or months, while the balance of payments could take only a matter of months. The most brilliant proexport policy could increase our exports by only a few percent. If, for instance, in the first quarter, our exports rose 3 percent in comparison with the same period last year, then we could discuss whether it would have been possible to increase the exports by 5 or 7 percent. This, however, does not indicate at all the order and size of our problem: that the increase in imports was on the order of 35 percent over the same period. That cannot be made up by any imaginable or even ideal instance. So, the problem lies on the import side. That is where one can seriously analyze the causes and decide whether it is possible and also desirable to do something about it. I keep telling everyone that imports are growing simply because you, I, and others are using far too many imported goods. So, let each of us consider his own part. You are, for instance, responsible for the trade deficit by your foreign-made tie. I do not hold it against you, but I do not want anyone to think that the trade deficit is generated by someone other than he, himself, by his conduct. [passage omitted]

[Chalupa] Would you say that the proposal to reduce taxes, i.e., the tax laws amendment, is at the very limit of turning the 1996 state budget into a deficit, or can the taxes be further reduced, if only by one or two percentage points?

[Klaus] If we believed it reasonable to reduce taxes further, we would have done it. We do not have the least basis for saving these things for some time in the future. It certainly would be in our interest in the election year to reduce the taxes even further, but our not doing so is a clear sign that we do not succumb to populism of this kind. I am very sorry that some politicians actually stoop to such populist ideas. We are at the border deciding between further reduction in taxes or a substantial subsidy, for instance, by running a public bus transport to the most remote little villages, although it does not generate real profit. I also ask that the people who speak about the balance of the state budget take into account the actual statistical data. The so-called budget surplus is not that great or significant. Whoever would take a look at the April figures, for example, would see that the budget expenditures surpassed revenues by 4 billion korunas. So, in April, the budget had a clear deficit. The balance of the state budget for the four months, so far, shows a surplus of 1.5 billion korunas. If someone wants to deduce from this that the surplus is too high, I would ask him to take a pencil in his hand, a sheet of paper, and a simple calculator.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Kovac on Domestic Situation, Coming Summit

LD2305202695 Budapest Kossuth Radio Network in Hungarian 1630 GMT 23 May 95

["Exclusive" interview with Slovak President Michal Kovac by Ildiko Nagy in Bratislava on 22 May—recorded]

[FBIS Translated Excerpt] [Nagy] We can see that over the past few months tension has been increasing between the government and trade unions, the government and the president of the republic, and, for example, between the Hungarian minority and the Ministries of Culture and Education. Mr. President, are you not planning to act more resolutely in order to ease this tension, as you did in March 1994? You consider Slovakia's good reputation abroad an important matter, and the problems I listed do not contribute to this.

[Kovac, in Slovak with superimposed Hungarian translation] I think we have to be open with our foreign partners when we discuss two important aspects of our policy: our foreign policy and the domestic political situation. If we do not overdramatize the attacks against the president, and hints at his resignation, we will have enough arguments to defend Slovak foreign policy. This has been confirmed by the Slovak Government's program and certain government steps as well. I also try to make it clear that there is full agreement in this matter between the president, the government, and the opposition.

No doubt, it is inconvenient, that attacks against the president raise questions for our foreign partners, and it takes a lot of effort to convince them that domestic tensions will not have an effect on the country's foreign policy line.

As to whether I would not like to act more resolutely, I would like to say that my 1994 parliamentary speech has often been misinterpreted. The early parliamentary election and the consequent change in the government was not a result of my speech. Today the situation is different, and I do not think that there is a need for my giving a speech similar to the one I delivered to the National Council last year.

Naturally, when I consider it necessary, I contribute to debates on important domestic political matters. I have also been preparing my report on the country's social situation. However, I do not think that this will have an effect on the present government coalition. The survival of this government depends on the policy it pursues. Neither the president nor the opposition have been threatening the existence of this government. The key is in the hands of The Movement for a Democratic Slovakia [HZDS]

[Nagy] The present Slovak state leadership has not only increased tension within the country but it was also unable to improve its relations with its neighbors—for example, with Hungary—in spite of the signing of the basic treaty. Do you think, Mr. President, that the presidential meeting [in Keszthely on 26-27 May] will find a treatment for some of the symptoms?

[Kovac] I do not suppose that a special emphasis will be laid on Slovakia at the meeting of the eight presidents in Hungary. [passage omitted] We will not take decisions, because resolutions passed at presidential meetings are not compulsory for the governments concerned. Our duty is to maintain good interstate relations on the highest level.

[Nagy] Have you not considered the idea of proposing Slovakia to host the next presidential meeting?

[Kovac] I have been considering this possibility, but it has to be thoroughly considered. Good relations with the government is essential for the organization of this kind of meeting. Taking the present domestic political situation into consideration, I could hardly undertake this task. There will certainly be others who will show interest in the organization of the meeting next year. I hope that time will come, perhaps in 1997 or 1998, when I can offer to be the host.

[Nagy] The relationship between majority and minority has been tense in Slovakia recently. Do you think an ideal solution exists in this issue?

[Kovac] Perhaps not an absolutely ideal one. but there are some definitely good models. I think that recently there have been signs of good coexistence here. The situation is not too bad, although it can be improved. There are no clashes or such conflicts that the whole nation would have to focus on. I think that an optimal solution can be achieved even in this area, because the conditions exist for the minorities living here to feel at home, for this country is their homeland, too. What we are experiencing at the moment is that politicians are bringing into politics certain elements which are increasing tension. [passage omitted]

However, I do not think that the present domestic political situation could jeopardize the adoption of the Slovak-Hungarian basic treaty, although it does not help that either. It is indicated by one of the government parties' position, which is firmly rejective, and also by the fact that the premier has been forcing parliament and the public to make the president of the republic resign, thereby dividing them and forcing them to react. That is why, among other things, it would not be the right time to deal with the basic treaty, and that is why it is likely to be adopted first in the Hungarian National

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Assembly and only later in the Slovak National Council. [passage omitted] The present governing forces must do their utmost to change the political atmosphere, and only after that can the decisive step, that is submitting the basic treaty to parliament, be taken.

[Nagy] Let me ask in connection with the language law which is being prepared: Do you not think that the minority wants to learn the state language but it also wants to keep its mother tongue?

[Kovac] I am convinced that it is in the interest of the majority of the Hungarian, as well as any other, nationality to know the state language well, while it, of course, wants to foster its native language, too. In my view, only this political approach has a chance to survive.

However, we have to establish that there are problems in the education of both the state language and the Hungarian language. That is the experts' opinion. Demands for better Slovak language education, for instance, are well grounded. It has to be improved, but not at the expense of mother tongue education. [passage omitted] Minority language protection is clearly laid out in several international documents. The state language, which is the majority language in this case, cannot be protected at the cost of the cultural identity awareness and the mother tongue of a minority.

Kovac Promotes Civic Understanding, Reconciliation

LD1905200195 Bratislava STV 1 Television Network in Slovak 1730 GMT 19 May 95

[FBIS Translated Text] President Michal Kovac met representatives of nongovernmental organizations and foundations involved in promoting democratic values and ideas. The meeting took place at the Primate's Palace today as part of the president's ongoing program aimed at achieving civic understanding and reconciliation. The meeting was the sixth of its kind which led the president to express his views resulting along similar events.

The president stressed in his address that, outside party politics, there is enough goodwill for broad above-party cooperation. This, unfortunately, is being marred by current confrontational politics. The president said he has found out that people want the domestic political scene to become stable and the futile political battles to end. He went on to say that, even in this particularly confrontational period, it is necessary to push for decency and truth in public life. Truth cannot be a matter for propaganda campaigns. Truth must be respected as a universal human value. One must never—not even at the most critical moment—give up efforts to create a calm, creative atmosphere, concluded the president. The president also said:

[Begin Kovac recording] One has to reckon with a certain amount of instability in social relations which is objectively brought about by the transformation process. A wise politician will, therefore, try to take step by step means to renew social consensus so that state decisions are based on the broadest possible public support.

On the contrary, I consider political adventure, which ignores the latest experience in parliamentary democracy, and the efforts to come up with a hybrid political system with authoritarian elements, to be hazardous with far-reaching consequences for the country.

I have come to the conclusion that the concern for democracy is indivisible. It cannot be a task solely for the coalition, for the opposition, or for some political parties. Its presence and its effect serve all, especially citizens of our young country. [end recording]

According to the information provided by Jan Findra, head of the presidential office, from among invited nongovernmental organizations and foundations present were, for example, the Slovak Helsinki Committee, the Forum of Slovakia's Intelligentsia, and the Ladislav Novomesky Foundation. However, the representatives of the Permanent Conference of Slovak Intelligentsia—Slovakia Plus, the Society of Slovak Intelligentsia, Roots, and the Congress of Slovak Intelligentsia did not arrive for the meeting.

It is necessary to find a fair dialogue, especially among Slovaks themselves; this was one of the ideas of the meeting whose main objective was reconciliation in Slovakia.

Pollster Explains Trustworthiness of Polls

AU2305152395 Bratislava NARODNA OBRODA in Slovak 19 May 95 pp 1-2

[Interview with Frantisek Szabo, director of the Institute for Public Opinion Research operating under the Slovak Statistical Office, by Ivan Samel; place and date not given: "How Trustworthy Are Public Opinion Polls?"]

[FBIS Translated Excerpt] Speaking on the Press Club television program on Tuesday, 16 May, Prime Minister Vladimir Meciar challenged the results of the FOCUS agency's public opinion poll and cited two other polls, in which he is trusted by 26 and 34 percent of the population, respectively, while Michal Kovac, in both polls, is trusted by 9 percent. This information gives rise to a number of questions about the objectivity of individual public opinion polls. According to a FOCUS poll on citizens' confidence in institutions, the president

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of the Slovak Republic is trusted by 66 percent of citizens; according to a Slovak Statistical Office poll by 48 percent. We asked Frantisek Szabo, director of the Institute for Public Opinion Research operating under the Slovak Statistical Office, how he explains the difference of almost 20 percent in the results of polls on the same issue.

[Szabo] Both polls were carried out almost at the same time. The deviations can result from different formulations of the questions. While FOCUS asked "Say what extent you trust the following institutions," our question was formulated "Say whether you trust, or distrust, the following institutions." We gave the respondents two options—a positive or a negative reply. However, the most important factor is the pollsters' work in the field. It is important that they do not approach the same respondents all the time. This factor can have the greatest impact on the results and objectivity of polls.

[Samel] How is the public supposed to understand the results of these polls, given those differences?

[Szabo] The polls can be trusted, if they are done responsibly. However, the messages they convey lie, first and foremost, in the developing trend over a certain period of time. [passage omitted]

[Samel] Is it possible that Vladimir Meciar was citing the results of polls carried out by the Institute for Public Opinion Research when speaking on the Press Club on 16 May?

[Szabo] I do not know the source of the data that the prime minister cited, because in our March poll we only ascertained trust in individual institutions. Our last survey of trust in individual personalities was from 4-11 November 1994. According to the results of that survey, Vladimir Meciar was trusted by 25 percent of citizens and Michal Kovac by 10 percent.

Commentary Views Meciar's Conflict With Church

AU2405122895 Bratislava PRAVDA in Slovak 23 May 95 p 3

[Commentary by Jakub Prihoda: "Even Bishops Are Catholics"]

[FBIS Translated Text] When the bishops of Slovakia issued their statement declaring that our head of state "has been fulfilling the presidential oath in its entirety and, by doing so, has been promoting the good name of our republic," the political supporters of the ruling coalition grew silent for awhile, waiting for the prime minister's reaction. It was not long in coming and the prime minister reacted exactly as was his custom on similar occasions. In a radio interview he said that, if the bishops clearly declare their support for the president, he has to ask himself "what their attitude is toward the parliament and the government, which stand on the other side." He added that it would be good if the bishops published their own findings on the president's fulfillment of his duties in accordance with the Constitution. In the case that they do not have them, he respects their right to an opinion, but also to err....

The director of the Bishop's Office at Banska Bystrica said, in reaction to this, that church representatives would not comment on these statements, because they "really do not want to meddle in politics. It is their duty, however, to deliver their opinion when basic principles of truth, decency, and, in this case, even the Constitution are being violated in society...." While the prime minister's initial reaction was fairly sharp, 10 days later it became distinctly milder. He characterized the statement as "the bishops' premature coming out against the National Council of the Slovak Republic," which he considers to be only "a small cloud." In the camp of the prime minister's followers, however, the opposite development can be observed. The positions and stands against the bishops have been getting increasingly radical.

While statements that it would be better if members of the church hierarchy did not comment on the president but, instead, "joined the search and helped uncover Michal K. Jr." can scarcely be taken seriously, not all the statements are equally ludicrous. Frantisek Vnuk, dean at the Theological Faculty in Bratislava, came out in support of the massively enforced position that it is not up to the Church to evaluate whether the president is fulfilling his duties. According to Vnuk, the Slovak bishops' statement was not inspired by the Holy Spirit: "I can very well imagine what a headache it caused in the Vatican and what heartache it gave the Holy Father." And the appeal signed by several organizations of the Slovak intelligentsia states that, behind various mass rallies [in support of President Kovac], one can feel a "campaign now under preparation aimed at thwarting the visit by the Holy Father—Pope John Paul II—to Slovakia." Exaggeration and evident fanaticism can also be felt from the statement that, during his visit to Bratislava to receive an honorary doctorate, [Slovak-born, Vatican-based] Cardinal Tomko "was too busy even to go to church." In the background of this "condemnation" is the fact that Cardinal Tomko visited Slovakia last Christmas as President Kovac's guest.

The present situation is strongly reminiscent of the story of several decades ago when, within an audience, a bigoted female believer started admonishing the Pope. At that time, a representative of the Vatican asked her to consider that the Pope, too, is a Catholic. It would

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

be sad, and at the same time laughable, if the bishops, too, had to remind their critics of this.

Hungarian Teachers Protest 'Political' Dismissals

AU2305134595 Bratislava NARODNA OBRODA in Slovak 22 May 95 p 4

[Article by Karol Mindak: "The Hungarian Teachers Are Afraid of Uncertainty"]

[FBIS Translated Text] Nove Zamky—The Union of Hungarian Teachers Presidium has condemned the recall for political reasons of the school administration directors in Dunajska Streda, Galanta, Levice, Rimavska Sobota, and Topolcany. They stated that feelings of fear and uncertainty grow stronger in a polarized society, and they protested against the Education Ministry's disregard for professionalism.

"We disagree with the Slovak Government's refusal to comply with the demands expressed by the Hungarian teachers' recent petition, and with its failure to negotiate with the Education Employees Trade Union instead of its loyal Pius Group. We also support the point of view expressed by the Slovak Teachers Forum on the anticipated rise in performance-related salaries in education," said Z. Sido, the Union's chairman, to NARODNA OBRODA. The teachers also condemned the anticonstitutional steps being taken against the president by the governing coalition's deputies and parties.

They sharply criticized the "Education Ministry's intention to ensure that, in the future, ethnic Hungarian students cannot study the Slovak language and literature at Slovak universities of a pedagogical or philosophical orientation."

Government Approves Report on Provisional Budget

LD2305202495 Bratislava Rozhlasova Stanica Slovensko Network in Slovak 1630 GMT 23 May 95

[FBIS Translated Excerpt] Until 1500 hours when the news conference at the government office started, the cabinet of Vladimir Meciar had not dealt with the possible solutions of the payments arrangements with the Czech Republic, in connection with the planned termination of the payments agreement between the two countries. [passage omitted]

The Slovak Government approved the report on incomes and expenditures of the provisional budget. On behalf of Deputy Prime Minister Sergej Kozlik, the report was presented by Jozef Magula, state secretary at the Finance Ministry.

At the beginning of the interview with Jozef Magula, Zuzana Stukovska asked in what respect government's expectations for the provisional budget had been fulfilled.

[Begin Magula recording] The basic expectation for the provisional budget, which was to secure a good start for our budget in the future, was met. The provisional budget expenditures worth 37.8 billion Slovak korunas were not overdrawn. Subsequently, the estimated deficit was not exceeded either.

The provisional budget has only defined expenditures; we can, therefore, deduce the income of the budget only indirectly, by looking at the budget deficit.

It is important to us to understand the trends resulting from these developments. This was the essence of the government debate today; this was what we concentrated on. We have to be able to utilize the signals indicated by fulfilling the budget up to now, so that our plans for 1995 can be accomplished and can give us a good start for 1996. [end recording] [passage omitted: Finance Ministry to report every two months on progress of collecting taxes, agreement between Slovakia and the Czech Republic to be the most favored resolution regarding the payments agreement]

Slowdown of Foreign Investment Reported

AU2305163695 Bratislava HOSPODARSKE NOVINY in Slovak 22 May 95 p 2

[TASR report: "Inglorious Investment Record; Lowest Ever Increase of Foreign Investment in First-Quarter 1995; Five Countries Account for Almost 80 Percent"]

[FBIS Translated Text] Bratislava—Base foreign capital worth 16.9 billion Slovak korunas [Sk] ($565.4 million) had been invested in companies on the territory of the Slovak Republic as of 31 March 1995. Compared with the level at the end of 1994, the volume of invested foreign capital went up by Sk398 million in the first quarter of 1995, that is, by 2.4 percent. This represents the lowest increase since data on foreign investment started being monitored. This follows from a Slovak Statistical Office report.

Foreign capital participation was registered in 7,618 organizations in Slovakia, 2,896 of which were wholly foreign-owned. During the first quarter of 1995, 21 organizations with foreign capital participation ceased to exist in the legal sense and another 165 were in liquidation as of 31 March 1995.

The bulk of foreign capital, almost 79 percent of its total volume, has come from Germany, Austria, the Czech Republic, the United States, and France.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Foreign investors have made the largest investments in the Slovak Republic in industrial production (manufacturing industry)—46.7 percent; retailing and repair services—31.3 percent; and banking and the insurance business—11.1 percent.

Green Alternative Holds Congress, Reelects Leader

AU2305140695 Bratislava SLOVENSKA REPUBLIKA in Slovak 22 May 95 p 2

[Unattributed report: "National Interests Above All"]

[FBIS Translated Excerpt] Bratislava—Achieving the optimum relationship between Slovakia's economic development and a healthy environment, without prejudicing the citizens' social situation, is the primary goal of the Slovak Green Alternative [SZA], which held its second congress in Bratislava on 21 May. The delegates pointed to the continuing social and political shortcomings in settling the legislative and civil rights of Slovaks living in the linguistically mixed regions of the Slovak Republic. They demand that the National Council of the Slovak Republic adopt a separate law on the state language and change the law on elections to representative bodies to the proportionate principle—to prevent the ethnic minorities from gaining majority representation in local representative bodies. To this effect, they also demand that Slovakia's territorial-administrative division be resolved on the vertical principle, that a Slovak school or class be guaranteed in each community, and that religious services also be conducted in Slovak. At the same time, they demand that a constitutional law on the protection of the republic be adopted.

Zora Lazarova was reelected SZA chairwoman.

The congress delegates issued a statement on Slovak President Michal Kovac. In view of the fact that a considerable percentage of Slovakia's domestic political problems have been caused by the president, they call on him to reassess whether he should remain in office. [passage omitted]

Police Action Against DU 'Chilling Precedent'

AU2405112095 Bratislava PRAVDA in Slovak 23 May 95 p 1

[Commentary by Juraj Handzo: "Chilling Precedents"]

[FBIS Translated Text] The Democratic Union [DU] has unexpectantly seen the seemingly dead case of its petition sheets reach a new phase: Members of the Police Corps of the Slovak Republic have started verifying the authenticity of signatures in the petition lists. The verification process consists of interrogation of citizens who have signed the petition. According to Interior Minister spokesman Peter Ondera, the police are acting on the basis of a request from the General Prosecutor's Office of the Slovak Republic and the proceedings are in accordance with the law. It is hard to rid oneself of the impression, however, that the General Prosecutor's Office and the police are performing politically motivated extra work. From whichever angle we consider the matter, the people affected by the "verification" did not commit any crime; they only expressed support for one political party by their signature. Despite this fact, they are being exposed to a procedure that carries all the visible signs of intimidation. Being interrogated by the police in itself is something unpleasant. These interrogations may cause citizen's to feel that they had done something wrong. Someone may be speculating that the interrogations will frighten people into declaring that they did not sign anything....

Doubts also arise from the chosen "verification" procedure. Who will guarantee that, in evaluating its results, the figures denoting the number of signatories of the petition sheets will not be manipulated? We will get to the same place from which we started. One side will claim that more than the necessary 10,000 signatures [for a new party to run in the elections] had been collected, the other will assert the exact opposite.

And there is yet another aspect: By even taking up the case of the petition sheets, the General Prosecutor's Office slapped the Constitutional Court of the Slovak Republic, which had ruled on the matter several months ago, in the face. At the behest of the General Prosecutor's Office, local policemen will also be verifying the verdict of the Constitutional Court (as well as the findings of the Slovak Electoral Commission, for that matter). Another chilling precedent is that the Prosecutor's Office and the police, which are supposed to be apolitical, have for the first time since [the fall of the communist regime on] 17 November 1989 become actively involved in a purely political case and, what is more, in favor of one (the ruling) movement.

DU To Protect Citizens From HZDS Tactics

AU2305151995 Bratislava NARODNA OBRODA in Slovak 22 May 95 p 2

[Article by "suj": "The Democratic Union Will Do Its Utmost To Protect Signatories of Petition Sheets"]

[FBIS Translated Text] Bratislava—The Democratic Union [DU] will do its utmost to protect citizens who, making use of their right of petition, have supported the DU's participation in the 1994 elections, in accordance with the electoral law. By interrogating those citizens, the present ruling power obviously wants to intimidate them and, if possible, compel them to call off or cancel their signatures on the petition in support of the DU's

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

participation in the elections. We consider this intimidation part and parcel of efforts by the Movement for a Democratic Slovakia [HZDS] to achieve a constitutional majority in parliament, at whatever cost, so as to be able to dismiss the president and destroy the democratic constitutional system.

[On the same day, on page 1, Bratislava NARODNA OBRODA in Slovak carries a 300-word commentary by Zita Sujova, entitled "Will the HZDS Pull Off the Great Petition Sheet Robbery?," which also links the verification of DU petition sheets by the Slovak police with the HZDS's efforts to obtain an absolute majority in parliament. The commentator says: "It does not matter that a liter of gasoline costs over 18 korunas and that the police do not want to increase the number of patrolmen because they lack money for gasoline. It does not matter that this is one of the causes of the steady growth of crime. All that does not matter. After all, no more than 12,501 citizens have signed the DU petition sheets. If the policemen do their best, they will finish it in no time! This is the price that we have to pay for a new president, because this is what it is all about."]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Horn Views Minority, NATO Expansion Issues

AU2305133495 Munich SUEDDEUTSCHE ZEITUNG (Hungary supplement) in German 23 May 95 p 14

[Interview with Hungarian Prime Minister Gyula Horn by Bela Weyer; place and date not given: "We Also Have To Tackle Unpleasant Tasks"]

[FBIS Translated Excerpt] [Weyer] Prime Minister, Hungary is looking for its place in Europe. The results of Hungarian foreign policy show a dual character. While other countries regard the Hungarian-Slovak Basic Treaty, for example, as an important success for your government, you have come under fierce criticism from the opposition at home. The moderate right speaks of giving up Hungarian interests, those even further to the right have accused you of betraying the Hungarian minority, or even your home country. On the night before the treaty was signed in Budapest, demonstrators even shouted "to hell with Horn!" Considering those turbulences on the domestic-policy front, the question arises: Has that all been worth it?

[Horn] I would not say that the Hungarian-Slovak Basic Treaty has been rejected at the domestic-policy level. As I understand it, the majority of the population has accepted the treaty as positive. One must not forget that extremists everywhere in the world proclaim their arguments louder than normal citizens. One should not pay too much attention to such extreme statements, because, unwittingly, this would mean accepting them and copying their style. So I did not have in mind the reactions from the individual groups of the population, but I was protecting the nation's interests. These interests are clearly pointing toward goodneighborly relations. Yet, the conclusion of the treaty is a huge step, and time will prove that it was a right step. It is the essential task of any government to think further ahead than the average citizen does.

[Weyer] Has the Basic Treaty been worth it, even though the Slovak side immediately started to qualify the text of the treaty? The unilateral declaration, which was added by your Slovak partner virtually at the last minute before the treaty was signed in Paris, shows that Bratislava would like to interpret the autonomy of minorities differently to Budapest.

[Horn] I said in Paris that the point was not to interpret the text, but to implement the treaty. Yet, Prime Minister Meciar is not in an easy situation: He has tough opponents to the Basic Treaty within his own coalition. Thank God, this is not a problem in our coalition, since both parties support it.

[Weyer] You have been accused of not having achieved enough in your negotiations with Slovakia. Yet, with Romania, chances look even worse right now. Contrary to Bratislava, Bucharest has hinted that it is not ready to include the often quoted Council of Europe Recommendation No. 1201 on autonomy for minorities in the treaty.

[Horn] Not achieved enough? Of course it would have been much better if our draft treaty had been accepted without any discussion, yet it always requires two partners to sign a document—that is the nature of treaties. Besides, I think that we have now achieved something that is unprecedented in Hungarian history, namely incorporate the implementation of European standards for minorities in an intergovernmental treaty. This is indeed without precedence. As far as Romania is concerned, talks at expert level will continue. The Romanian Government will have to deal with the fact that, by having been accepted into the Council of Europe, Romania also committed itself to guarantee minority rights.

[Weyer] These days, the Hungarians experience European policy not primarily in the form of recommendations for minority rights or human rights conventions, but in the form of queuing up and waiting times of many hours at the country's western border, because, since the coming into force of the Schengen Agreement, they are exposed to rigorous checks due to their nature as non-EU citizens. Do you not fear that this might turn into an anti-Europe feeling?

[Horn] I think that the EU should rethink the possibility of whether parallel to associated membership in the EU it could not create the possibility of associated membership to the Schengen Agreement, too. It is not only free movement of persons, but also of goods that must be secured. For this purpose, we have initiated talks with Austria, and I have also signalled in Brussels that we are going to have problems regarding this.

[Weyer] And what is the reaction? Do people listen to you? To what extent does Hungary get support and help from the West—apart from the rather negligible amounts of money in advisers' fees?

[Horn] The appropriate support are capital investments and activities by foreign companies in Hungary. I am convinced that support can be expected only when we stabilize our financial situation ourselves—which is what we had in mind when we adopted the austerity measures in March. Besides, I know from experience that good projects also stand a chance of getting money.

[Weyer] Do you not have the impression that the readiness to invest has decreased?

[Horn] Not at all. Opel has just announced the expansion of its activities, Audi built a new engine plant, and IBM

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

has also expanded. Suzuki and General Electric continue their investments. Unlike at the end of the eighties, we now longer have to create the foundations for the market economy, but we are talking about details of extending the institutions, which is also creating new conditions.

[Weyer] So you do not feel having been intrigued and then abandoned—even though it would be to your benefit in the domestic-policy debate to be able to point to billions of investments and some new plants—everything from the West?

[Horn] Even then we would have problems, maybe fewer unemployed, but the social welfare system would still need to be reformed. On the other hand, one must also take into account that the EU itself is struggling with difficulties, such as implementing the Maastricht Treaty, to mention but one example.

[Weyer] Apart from economic problems, Hungary's security situation also remains unsolved. You are seeking NATO membership and Moscow—and NATO will always pay heed to Moscow—at one point gave a green light, when President Yeltsin said "no objections," while Foreign Minister Kozyrev later qualified the statement: "When the time is ripe for it." Recently, Defense Minister Grachev even threatened to halt the disarmament process should NATO expand toward the east. Are these changes in position not too precipitate?

[Horn] Look, for Russia, NATO expansion will always be a domestic-policy issue, because the Russians will always look a situation from the aspect of how much power they have at a given moment. The basic situation between Hungary and Russia has not really changed regarding this issue. Not only Boris Yeltsin, but Viktor Chernomyrdin, too, have stated that NATO membership is Hungary's own sovereign decision, and that possible Hungarian membership would not affect bilateral relations. Dialogue is taking place—yet when and how the talks are initiated will be determined by NATO, anyway. [passage omitted]

Ministry Official on Army's Civilian Control

AU2305151895 Budapest NEPSZABADSAG in Hungarian 20 May 95 pp 1, 8

[Interview with Jozsef Feher, administrative state secretary at the Defense Ministry, by Peter Matyuc; place and date not given: "Civilian Control in the Army"]

[FBIS Translated Text] The legal regulation of the Hungarian Army's operation is gradually becoming completed but the establishment of institutions, with the help of which political and social control, the so-called civilian control, can become really effective will only be started now within the Army, said Jozsef Feher, administrative state secretary at the Defense Ministry, to NEPSZABADSAG. Feher believes that the laws regulating the use of the Army are strict, which sometimes makes the decisionmaking process slow. However, for society and for the professional soldiers, constitutional guarantees are more important than anything else.

[Feher] The establishment of civilian control in the Hungarian Army began at the change of the regime, and it has not yet been completed. Formerly, the Army was under party control, and the laws made since 1990 have changed this situation. However, the administrative framework of the Army which makes it possible for civilian observers, legislators, state administration employees, and society to see clearly how the Army uses the money entrusted to it and, what is more important, how it uses the people has not been created.

[Matyuc] What kind of regulation needs to be set up now?

[Feher] Complete systems have to be set up in the Army: for example, a budget planning system, a military defense planning system, and a legal regulation that facilitates the operation of these.

[Matyuc] It has been said in connection with civilian control that the use of the Army is already overregulated and Parliament has to make decisions even in those cases in which the armies of most European countries can make their own decisions.

[Feher] The quantity and quality of constitutional guarantees are always dependent on the age; when these conditions were drawn up—and the situation is still the same—on the basis of historical experiences, it was more important for society strictly to control the possibilities of using the Army than to have a fast decisionmaking mechanism within the Army. In my experience, professional soldiers also consider these guarantees more important because, in the past, they were exposed to a direct political will, while now they can be certain that there is adequate social support behind the multiparty Parliament's decisions. The current situation is also different in that an unconditional fulfillment of orders can now with full justification be required of the officers; their legitimacy cannot be questioned.

[Matyuc] The Army's appropriate social control will probably be one of the requirements of NATO accession.

[Feher] NATO experts require that these institutions be set up, but they are often unaware of which ones already exist in the Hungarian legal system and which ones do not. However, they are right in saying that many

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

regulations have not yet been implemented in practice—precisely because of the lack of adequate institutions and regulations. We can expect such criticisms until this system is set up within the Army, and as long as it is impossible to oversee the implementation of Parliament's and the government's instructions.

[Matyuc] NATO politicians also queried the reason very many soldiers—for example, the minister and you, too—have returned to the Defense Ministry.

[Feher] Such articles have indeed been published in the Western press but they are probably based on misunderstanding. It has to be taken into consideration that the Hungarian Army does not have two leaderships—a military and a civilian—of the same rank. In the past, very few interfaces existed between the civilian and military leadership; therefore, personnel conditions for replacements did not exist, and no such leaders existed outside the military who could fully oversee the techniques of military planning and control. The past four years are a good example of this: Social control was flawed even though we had civilians in the Defense Ministry; we still need years to meet this requirement. On the other hand, we, actual officers who fill key positions in the ministry, are not subordinated to the commander of the Hungarian Army; outside the organization of the military forces, the ministry's superior authority, namely the government defines our obligations and rights. The mention of the minister in this respect could only have been a confusion of ideas because he is a retired officer.

[Matyuc] How much does the institutional system of civilian control cost the Army?

[Feher] First of all, four basic regulations and the Army's statute are still missing. When these are made, many government and ministerial rules will still have to be issued to be able to implement the regulations. We can only begin to implement the changes in the current financial circumstances, but we will certainly need more money than what we now have to continue and to complete them. NATO membership also costs money, the member states spend a bigger proportion of the national product on defense than we do. In Hungary, providing that the GDP starts to increase, using 2.5 percent of the national product would already be favorable. By then, the most important institutions of social control will have to have been set up to be able to see if the Army makes a rational use of the money invested in it.

[Matyuc] Does this mean that this is not yet the current practice?

[Feher] It is impossible to know because the controlling type regulations, with the help of which we could determine the actual costs that emerge during implementation, are missing. Setting this up is one of our goals.

Army Commander: Military Standards 'Acceptable'

AU2305180195 Budapest MAGYAR NEMZET in Hungarian 20 May 95 pp 1, 6

[Interview with Colonel General Janos Deak, commander of the Hungarian Army, by Zoltan Vereckei; place and date not given: "Janos Deak: The Military Reform Has To Be Implemented by All Means—Oversized Staff of Officers"]

[FBIS Translated Excerpt] [Passage omitted] [Vereckei] Occasions like this [Hungarian Army Day] can be used for an organization, in this case, the army, to show how far they have progressed and what their results are. However, does the army, which is literally in rags and struggling with elementary problems, have anything of which to be proud?

[Deak] [Passage omitted] Naturally, positive aspects do exist. I would first emphasize that we have managed to maintain an acceptable standard in spite of our difficulties. At the same time, I cannot deny that we army leaders probably also bear responsibility for the current situation. We should have represented our interests more firmly and then the reform of the military could have been started one or two years ago. However, this could not have taken place without parliamentary approval. I would also list the preparedness of the commanders and our educational level among the positive factors. I would especially mention the attitude of the forces, with which I am satisfied, and I would also like to mention areas in which we are good even in comparison with other countries. For example, we have excellent research engineers and military doctors. [passage omitted]

[Vereckei] The last few years have seen a rather large movement with many regulars seeking their livelihood in the civilian sphere. What are your views on the officer staff?

[Deak] Indeed, many people have left in the past few years, including old military and political leaders, and those who have found their livelihood in various enterprises in civilian life. At the moment, some 12,500 officers are serving in the army. I might not be popular with this view among the regulars, but I say that this is an oversized staff of officers for a modern army. At the same time, we do not have enough subunit commanders. The reason is that we have been too quick to promote officers, so we now have many first lieutenants performing battalion commander duties, although this should be done by lieutenant colonels or

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

majors. Therefore, it is obvious that we will have to reform the structure of the officer staff in the coming years. [passage omitted]

[Vereckei] Let us now talk about the general staff. A few weeks ago, an article in THE WASHINGTON POST sharply criticized the region's military leaders—including Hungary's—saying that they are still thinking in the spirit of the Warsaw Pact.

[Deak] The Hungarian General Staff is very well prepared militarily. It is a completely different matter on what military culture they were raised: The Anglo-Saxon, German, or southern European military cultures are also different within NATO. A U.S., German, or Polish general would make his decisions in different ways. At the same time, NATO has a common commanders' standard plan of operation that has to be known by all—by us, too, if we wish to join NATO. In the interest of the Hungarian defense doctrine and getting closer to NATO, we have had to and still have to rewrite some 170 regulations since 1990. For example, we accepted the military operational and tactical regulations of the land-based troops almost two years ago and our forces are preparing in accordance with this. We will probably discuss the combat regulations of the air force and air defense force next week. Another aspect is that operational and tactical activities and military technological development are always in close connection with each other. Hungary basically has Soviet technology and this cannot be ignored. With this technology, we cannot demand a German brigade's combat methods from the various units. Further training for the commanders in accordance with NATO requirements will begin next year at the military academy.

[Vereckei] The reform of military forces, preparations for which have already been made, is one of the biggest changes in the Hungarian Army's life. How far has this progressed?

[Deak] It is at the stage of refining details. Our ideas will soon come before the government and we hope that Parliament can debate them in the summer session so that we can begin to implement the changes this year. It is of course possible that we will have to change our ideas because of budgetary problems. At this stage in the planning, we can also say that some parts of the army, and especially some units, will be positively affected by the changes while certain leading bodies—including the headquarters—will mostly experience negative aspects. We will also probably have to reduce our welfare system. [passage omitted]

[Vereckei] In NATO countries, some 2-3 percent of GNP is spent on the army. In Hungary it is at around 1.5 percent. In these financial circumstances, will the army be able to reach a level that is sufficient for NATO admission?

[Deak] The reform has to be implemented under all circumstances. The financing method requires a political decision by the state. Maintaining the current conditions is justified or rational neither in an economic nor in a military sense. Our annual budget indeed amounts to 1.5 percent of GDP, but then we have not yet mentioned the repayment of [Soviet] debts and German assistance. If we also add the reserves released through the reduction of the army's size then we get a more favorable picture.

[Vereckei] These additional factors will soon cease to exist. What will happen then?

[Deak] The coming one or two years will be tight, regardless. However, in the period of direct preparation for military integration, namely in 1998, the army's financing will have to be determined on the basis of priorities. At this point, the proportion of the GDP used for the army will have to exceed 2 percent.

Defense Committee Official on Military Reform

95CH0229A Budapest MAGYAR HONVED in Hungarian 31 Mar 95 pp 4-5

[Interview with Sandor Szili, deputy chairman of the parliament's Defense Committee, by Miklos Monus; place and date not given: "We Asked the Defense Committee's Deputy Chairman What the Armed Forces' Reform Means"]

[FBIS Translated Text] *For years, our army went through continuous changes, and according to statements by decision makers, the true changes are just beginning to develop. There is an Armed Forces reform ahead of us. One of the questions we asked Sandor Szili, deputy chairman of the parliament's Defense Committee, was, what exactly this term means.*

[Monus] Mister Deputy Chairman, you were a member of the Defense Committee during the parliament's former cycle, and became deputy chairman after the last elections almost a year ago. During those five years, the term Armed Forces reform could be heard every day—indeed, it played a role in determining events. The soldiers in the field lived through many changes, only they do not understand why the events that took place are called a reform—or, more precisely, why the term reform was chosen. Would you explain this?

[Szili] This is not true. Five years ago, when I became a representative and member of the Defense Committee, no one talked about any reform. True, many people used this term, but only because the true meaning of the term was not clear to them, and they were

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

careless in choosing their words. In other words, our decision at that time was to restructure our army, and not to launch an Armed Forces reform. Furthermore, the process of restructuring began, and was continued, in a form that was not really appropriate. I am not saying that it was done hastily; I am saying that...well, in order to understand it, let us look at some of the events chronologically.

Our army's restructuring began in 1989-90, when it was almost certain that the Warsaw Pact would be abolished. For this reason, we had to reevaluate our security and defense policies, and it became necessary to relocate and restructure certain troops. That was the beginning of the period of dislocations, and a new concept came to the fore following the 1990 elections.

[Monus] Are you referring to the establishment of a new, national army?

[Szili] Yes. The administration of that time tried to specify our tasks in accordance with this new idea. Needless to say, restructuring always created problems. One of them was that soldiers who felt that their position was uncertain tried to leave the army. Some of them retired, and the younger and qualified experts sought and found a niche in the civilian sphere. Uncertainty was felt throughout the country, but even more uncertainty was felt among professional soldiers, about both the present and the future. Unfortunately, this feeling was more or less justified. The new 1990 National Assembly included a number of representatives who, figuratively speaking, wanted to behead the entire Army, claiming that all those officers had studied in the Soviet Union. My argument to them was that, well, where else could they have studied? Soldiers had no choice; otherwise they would have obviously chosen the United States of America for their continued training. Furthermore, it is my conviction that the professional soldiers who stayed made their decision because of their professional commitment.

They loved their profession and they loved their country. They wanted to serve. There was, and is, a great need for them. They helped in restructuring the National Defense Forces, which is not exactly the same as the former People's Army. The purpose of our new National Defense Forces is truly to defend our nation if needed. Such is the only army society can trust in this regard. It is truly structured for defense—not for offense, as was the People's Army to a certain degree, as part of the Warsaw Pact.

[Monus] What happened has happened. In your opinion, would our present National Defense Forces be capable of defending our country if—God forbid—that were to become necessary?

[Szili] Let us look back a few years. Even earlier, there were party people in high positions who thought that the Hungarian army would not be capable of defending our country, not even if it were well equipped; however, our great friend, the Soviet Union, would defend us. Consequently, they did not put any effort into equipping Hungarian troops with a truly up-to-date war machine. The financial and other problems came later. But, from the aspect of the subject under discussion, the point is that we have no choice at present but to rely on our new National Defense Forces to defend us, to defend our country. Now, if I ask someone to defend me, then I must provide him with equipment; otherwise he will be unable to carry out his responsibilities. I must pay him so that he can provide security for his family. Considering our present economic situation, we must find a concept on the basis of which we can adequately maintain an army that we can count on when needed.

To answer your question, I have become quite familiar with our troops over the past five years, and I can say that most of our professional soldiers are very well prepared, i.e., are experts in their profession. The question is: Against whom, against what kind of force, must we defend our country? The Hungarian National Defense Forces would be able to stand against a similar force. Our National Defense Forces would be able to defend our country against even a larger army, until the aggressor were forced through foreign diplomacy to withdraw.

I want to emphasize that, in my opinion, Hungary faces no such threat at present.

The fact is that our army is not paid enough. Despite this, professional commitment and expertise are not decreasing among professional soldiers. I can also say that the overwhelming majority of our enlisted personnel are indeed serious when they take their oath to defend their country—despite the fact that they and their families are facing hardships from almost every aspect. I repeat: These people would be capable of defending our country under specific conditions.

[Monus] So, what happened in the National Defense Forces could be called restructuring?

[Szili] Do not forget that question—but I must first make a comment: What we generically call restructuring did not happen exactly right either. It is not a great exaggeration to say that it resulted in more problems than benefits. Professional soldiers know this. But I reinforce what I have already said: namely, that what has happened up to now cannot at all be called a reform.

[Monus] What can be called a reform?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Szili] In my interpretation, reform means a restructuring from Square One. When I speak of the Armed Forces reform, I think of the need to reevaluate the basic principles of security. Two years have passed since the approval of these basic principles, and nothing is carved in stone in this regard. The situation is constantly changing. We should look into the basic principles of national defense accordingly—and, when needed, we should reevaluated them. The concept of the Armed Forces reform should be developed on the basis of all this.

[Monus] To my knowledge, this concept is already in the works. Perhaps you do not agree?

[Szili] Since you ask, I can say that I do not really like the concept that is in the works.

[Monus] Why not?

[Szili] I do not wish to delve into it, in part because the subject is classified and in part because the concept is not yet ready and will change during the course of coming talks and reconciliations.

[Szili] But certain statements have already been made. It is possible to talk about them. Do you not agree with that either?

[Szili] There have been certain leaks. I do not know why. Perhaps because the person who leaked the information wanted to find out the opinion of military circles or certain political circles. For instance, statements have been made about the changes in military zones. If such statements are made exclusively within professional circles, then it is all right; but if not, then they create uncertainty, as has actually happened. I do not approve of any leaks, I do not approve of informing the public on opinions that have crystallized during extensive professional debates.

Before he became minister, In a discussion with Gyorgy Keleti I told him that, should he become minister, one of his most important tasks would be to create security for our soldiers. That would eliminate some of their anxieties. Keleti agreed with that. And now, thanks to certain references to a number of details of the concept, our soldiers have just become uncertain, again, about their present and future—because no decision has yet been made on the number of military zones. News was spread that this or that unit would be abolished or downsized, or given new responsibilities, and so forth. The professional soldiers and public employees serving in those units are now trying to adapt, which is made manifest by the organization of lobbying groups, requests for transfer by many people and contemplation about leaving by others—while, I repeat, nothing is certain yet. All in all, it is improper to talk outside of professional circles about our concept before it is finalized.

[Monus] You said that you do not agree with the basic concept itself. Why not?

[Szili] As I have already said, our basic policies regarding security and national defense should first be considered, which is the National Assembly's responsibility. Rethinking these policies would provide a basis for working out the concept of the Armed Forces reform in more than one version—based on professional considerations, of course.

[Monus] Which would determine how big an army Hungary needs?

[Szili] Yes. Because it is not an Armed Forces reform when—let us say—referring to economic difficulties, the administration decides to decrease the number of our Army personnel by whatever percent.

[Monus] Can I interpret this last statement of yours to mean that, in working out the concept of the Armed Forces reform, you consider economic considerations a secondary matter?

[Szili] I think that in working out the concept of the Armed Forces reform, we must begin with the basic principles of security and national defense, as well as the sources of threat. Our tasks, and the resources needed for their implementation, must be determined. After that, what is left is to provide the resources for their implementation. This is inconceivable without reconciling the different political, professional, and financial aspects.

[Monus] In the light of the most recent government measures and leaks, however, it can be said that the short-range concepts regarding our army are based on nothing but our limited resources.

[Szili] But these planned measures have nothing to do with the Armed Forces reform. In working out the concept of the Armed Forces reform, we must ignore the fact that only a certain percentage of our GDP [gross domestic product] can be allotted to our Armed Forces. In this regard, our tasks must not be determined on the basis of available resources; instead, the indispensable resources must be found for our tasks. When our tasks are limited by money, it is not an Armed Forces reform but mere emergency measures. Thus, for instance, the minister's statement that the number of enlisted personnel called up for duty will be reduced in August by several thousand is not part of the Armed Forces reform; rather, it is made necessary by limited funds.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Now, once the concept is worked out and approved by the National Assembly, it may determine that, in the short range, we can only try to maintain our forces at their present level. What kind of concept will be approved by parliament is another matter. I would do one more thing: namely, I would separate the expenditures for military technology from the national defense budget. It should not be soldiers who make purchases. Soldiers should only tell us what kind of weapons and technology they need for carrying out their tasks. And experts in trade and commerce should decide where, and for how much, that equipment can be acquired.

[Monus] In your opinion, what would our postreform army look like?

[Szili] I am not an expert. Experts should answer this question. They know what kind of air defense, what kind of armored forces etc. are needed to carry out the tasks determined by politics. God forbid! No politician should make decisions in professional matters.

[Monus] Summarizing your experiences: When do you think the concept will be worked out, and when will it be approved by the National Assembly?

[Szili] I would like to see the finalized concept this year, in October or November at the latest.

[Szili] Could it be implemented immediately?

[Szili] I don't think so. A concept is one thing; its implementation another. In the short term—I am thinking of a few years—our economic situation will set limits on everything, not only in the National Defense Forces but in Hungary as a whole. The concept of the Armed Forces reform can be implemented when our economy increases in strength to the point where tasks are not determined on the basis of available funds but rather we can provide the funds necessary for our tasks. We can speak of an Armed Forces reform only if this condition is met.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Teslic, Glamoc-Grahovo, Sarajevo Front Situation

AU2405101895

[FBIS Editorial Report] Banja Luka Srpski Radio Network in Serbo-Croatian at 1700 GMT on 23 May carries within its regular 35-minute newscast a series of reports on the combat situation in the Serb Republic.

Quoting the data of the 1st Krajina Corps Press Center, correspondent Sinisa Novakovic says that "this is the second day of fierce Muslim attacks on the Teslic front. After strong artillery preparation, Muslim units launched infantry attacks in the direction of Javorik-Javorska Kosa, and Javor-Premet. The Muslims fired more than 500 artillery projectiles at Serb defense lines in the Kraguljac and Zecja Glava areas." The report also says that "all Muslim attacks were halted and that the enemy sustained heavy losses. A reconnaissance-commando incursion was thwarted in the Cerova Kosa area."

Describing the situation on the Vlasic front, the studio announcer says that "after a strong artillery preparation, the Muslims launched an infantry attack to penetrate Serb defense lines. From the direction of Bukovacko Brdo and Galica, the Muslims attacked Serb defense lines in the Sesici region" but after a fierce response the attack was halted.

Slavisa Sabljic reports on the situation on the Grahovo-Glamoc front and says that "Croat forces used all types of artillery weapons and small arms to pound Serb positions on Glamoc front. The attack began this morning about 1000 hours [0800 GMT], when the enemy started attacking Serb positions on Koricina from their strongholds on the slopes of Velika Golija and (?Strupnic) with mortars, howitzers, and canons. Afterward they used multiple rocket launchers to target Serb positions at Staretina. Today Croat forces also used projectiles and Maljutkas after a long interval." He goes on to say that "only one Serb soldier was wounded, although the enemy fired some 70 artillery projectiles." He proceeds to describe the situation on the Grahovo front and says that "from their strongholds in occupied Serb villages in Podinarje, the enemy artillery fired hundreds of artillery projectiles at Serb positions in Crni Lug and Grkovci."

According to the studio announcer, quoting the data of the Sarajevo-Romanija Corps, "Muslim forces used rifle grenades and Brovings to pound Hadzici, while the wider Trnova area was targeted by 60-mm and 82-mm mortars. Two civilians were wounded by 105-mm howitzers and other artillery projectiles and mortars. The Muslims assailed Serb defense lines on the Niksic plateau without consequences."

Describing the situation in the 1st Krajina Corps theater of operations, the studio announcer says that "in the past 24 hours, Muslim forces on the Doboj front mostly used small arms to target Serb defense lines and fired several mortars at the Serb village of Puracic." He goes on to say that small arms provocations have been reported on the Trebava front and that "Muslim forces fired several artillery projectiles at Serb defense lines on the Ozren front, provoking an adequate response."

The studio announcer reads out a report on the combat situation on the Srbobran front and says that "the Muslims continue to attack Serb defense positions. Joint units of the Croatian Defense Council and the Croatian Army, and Muslim forces refrained from attacking Serb positions on the Kupres front," but that "grouping of Croat and Muslim forces has been reported."

Correspondent Vesna Rudan reports on "low-intensity fighting in the northern part of the Herzegovina front. Muslim infantry did not dare attempt to penetrate Serb defense lines, but instead they shelled the positions of the Herzegovina Corps." She goes on to say that "the members of the regular Croatian Army, on the Trebinje front, used antiaircraft machine guns and antiaircraft canons to target the areas of Lijekova and Orasje, but without consequences."

Describing the situation on the Majevica front, the studio announcer says that "in the last 24 hours, there was no significant combat activity."

He goes on to say that "there was no peace on the territory of Western Bosnia in the past 24 hours, reported Radio Velkaton today quoting Western Bosnia military sources. Members of Izetbegovic's 5th Corps used all types of weapons to target residential areas and separation lines. Dudakovic's forces attempted to penetrate Western Bosnia People's Defense lines in the Vrnograc, Crvarevac areas on several occasions, but did not succeed. Quoting reliable sources, Radio Velkaton says that a large number of Mujahidins joined the infamous Buzim brigade."

Ganic on Milosevic Refusal To Recognize B-H

AU2305175895 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 23 May 95

[FBIS Translated Text] Commenting on Slobodan Milosevic's rejection of the recognition of Bosnia-Herzegovina, Ejup Ganic, member of the state presidency and vice president of the Federation of Bosnia-Herzegovina, told B-H PRESS:

Slobodan Milosevic should recognize Bosnia-Herzegovina together with the legal presidency and the Bosnia-Herzegovina Assembly [words indistinct] at the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

regular elections in 1990. Nothing less than that would lead to the lifting of the sanctions.

Owen: B-H Recognition No Solution to Conflict

LD2305185095 Belgrade TANJUG in English 1831 GMT 23 May 95

[FBIS Transcribed Text] Vienna, May 23 (TANJUG)—Yugoslavia's recognition of Bosnia-Herzegovina would not automatically halt the conflict, but it would greatly influence the Serb leadership at Pale, said Tuesday co-chairman of the international conference on the former Yugoslavia David Owen.

Owen told reporters after a meeting with Austrian Foreign Minister Wolfgang Schuessel in Vienna that he had no knowledge as to whether, and when, Yugoslavia would recognize Bosnia-Herzegovina because this was a matter of a complex negotiating process.

Co-chairmen David Owen and Thorwald Stoltenberg discussed with Schuessel the conflict in the former Yugoslavia, the U.N. role, the Muslim-Croat federation in Bosnia and other issues.

Owen said that Belgrade had clearly opted for talks and peace, but the very act of recognition of Bosnia-Herzegovina would not solve the conflict. The actual problem is the warring sides' lack of will and their conflict, Owen said.

Serbian President Slobodan Milosevic's influence on the Serb leaderships at Pale and in Knin is often overestimated, he said.

General: Only Possible Borders Historic Ones

AU2205151995 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 22 May 95

[Report by Sefik Mujkic from Zenica—recorded]

[FBIS Translated Excerpt] [Passage omitted] Gen. Rasim Delic, chief of the General Staff of the Bosnia-Herzegovina Army, reviewed a part of the Air Force and Antiaircraft Defense units and devoted the initial part of his address to the [words indistinct] within the overall struggle to liberate our only homeland. Even if we wished to do so, we could not attribute the responsibility and results to any particular branch of the Bosnia-Herzegovina Army, Gen. Delic said and stressed our ultimate goal.

[Delic] At the moment, regardless of the branch [words indistinct] members of the Air Force, our main preoccupation and our priority is the struggle for liberation in which all of us have to give our utmost. At the moment, for all you members of the Bosnia-Herzegovina Army, the subjective problems that we have and that we shall continue to have, the problems that we had in peace time and shall again have in peace time cannot be an obstruction to carrying out our duties. At the moment we are fighting for a state, a people, and we have succeeded in the struggle for its survival. Now we have to struggle for its survival within the borders that are so dear to us and which are the only possible borders, the historic ones. [passage omitted]

Bosnian Serb President Karadzic Stand Viewed On Contact Group Plan

LD2305155095 Belgrade TANJUG in English 1506 GMT 23 May 95

[FBIS Transcribed Text] Belgrade, May 23 (TANJUG)—Bosnian Serb President Radovan Karadzic on Tuesday signalled readiness to accept the 'Contact Group' plan for Bosnia as a basis for the resumption of the peace process.

The Bosnian Serb news agency SRNA quoted Karadzic as saying, 'We would like to inform the U.N. Security Council that we are ready to regard the 'Contact Group' plan as a basis for the resumption of the peace process.'

Bosnian Serb radio reported that responding to the U.N. Security Council's Monday decision to extend sanctions against the Bosnian Serb Republic, Karadzic said in Banja Luka late Monday that Serb proposals did not differ much from that proposed by the Contact Group and that it was possible, therefore, to bring positions into accord.

Karadzic said, 'The fact is that the plan contains several elements which are of crucial importance to us but are irrelevant for the other side and which we can change with mediators' goodwill. such is the position of our assembly and our people.'

Federations 'Inefficient'

AU2405094895 Banja Luka Srpski Radio Network in Serbo-Croatian 1700 GMT 23 May 95

[FBIS Translated Text] RS [Serb Republic] President Radovan Karadzic stated today in Banja Luka that the unification of the Serb Republic and the Republic of Serb Krajina [RSK] is in the offing and pointed out that the two Serb states have opted for the forming of a joint Serb state west of the Drina River instead of for the federation. Federations are inefficient and uncompact, said the RS president.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Unification 'Not Too Late'

LD2305200795 Belgrade SRNA in Serbo-Croatian 1852 GMT 23 May 95

[FBIS Translated Text] Banja Luka, 23 May (SRNA)—Radovan Karadzic, president of the Bosnian Serb Republic, said today that the proposal on the unification of the Bosnian Serb Republic and the Republic of Serb Krajina [RSK; Serb-held enclaves in Croatia] expresses "the determination of the Serb people, their leaderships, and their assemblies to create a unified state able to defend itself."

Karadzic said that Serb unification could have taken place earlier but even now it is not too late. We are convinced that the whole world ought to accept this new initiative, or should enter a war against us, but there is nobody today who would embark upon a war against Serb unification, just as nobody did this to prevent German unification, Karadzic said during a break in the proceedings of the Bosnian Serb Assembly in Banja Luka.

Karadzic stressed that he expects Serbia and Montenegro, or rather Yugoslavia, to join in the unification of the Bosnian Serb Republic and the RSK.

"If at this point in time they, nevertheless, cannot enter a single, unified state, the Bosnian Serb Republic and the RSK can. I believe that a cripple of a state that would not function should not be brought into being, and that it would be worth having unification only if the result were a strong state with well-established borders," Karadzic pointed out.

The president of the Bosnian Serb Republic stressed that after the assembly commissions have finished their work, a joint session of the assemblies of these two Serb states should be convened and that it should be declared a constituent assembly.

He said that transitional laws would be discussed at the session and that democratic elections would be held after the war.

Karadzic did not want to comment on RSK Prime Minister Borislav Mikelic's opposition to the unification [words indistinct].

Asked if he had been informed about the Milosevic-Frasure meeting, President Karadzic said that he had not been informed in detail.

He said that the fact that Milosevic was negotiating with the Americans was positive because America "is the most influential and crucial player in the world."

"I believe that Milosevic should be as resolute as he was in 1991 when he rejected the Hague document [relating to the dissolution of former Yugoslavia]. If he decides to recognize Bosnia today, after four years of war, Serbia will be accused of being the only one to blame for the war," Karadzic warned.

Krajisnik: RS, RSK Unification Inevitable

AU2405090095 Belgrade BORBA in Serbo-Croatian 23 May 95 p 3

[Report by BETA: "Unification Inevitable and Necessary"]

[FBIS Translated Text] Pale, BETA—Momcilo Krajisnik, president of the Serb Republic (RS) Assembly, told the BETA agency yesterday that the RS leadership is "very satisfied" with a decision of the parliament of the Republic of Serb Krajina [RSK] on unification with the RS.

"This decision brings numerous dangers because we can find ourselves in a situation in which we will have to resist another Croatian aggression. I believe, however, that the unification is inevitable and necessary," Krajisnik said.

The unification should, according to him, be geared toward the formation of "a unified state with firm authority throughout its territory" and the strengthening of the defense capacity of the RS and the RSK.

Krajisnik sees the unification of the RS and RSK as "the first phase of the formation of a unified Serbian state."

He said that the RS Assembly has sent a unification proposal to the parliaments of Serbia and Montenegro, but did not receive an answer.

Krajisnik rebuffed claims that Krajina could be placed in a difficult situation with the unification with the RS and "dragged" under the sanctions that Belgrade is implementing against Pale.

"We will not push for the unification. I believe that the RS leadership and parliament will accept the unification," Krajisnik said.

He added it was envisaged that a joint session of the two parliaments be called before the end of May, however, that it was not certain whether all technical preparations would be completed by this date.

"The obligation of the two speakers of the parliament is to call a joint assembly session as soon as possible, and this is currently more of a technical issue because the decisions have already been made," Krajisnik said.

"There must be no domination, however, we must establish unified authorities as soon as possible. We must not remain a confederation or maintain duality of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

authority. I expect that the unified authorities will be set up faster than would have been the case had the situation been normal," he added.

Krajisnik said it was good that Krajina Prime Minister Borisav Mikelic openly said the RSK would lose with the unification.

"If this is the stance of his (Mikelic's) government and the state leadership, we will suggest that they do not go for unification. We would not want them to lose anything with the unification. They must benefit by it just as we do. At the moment, the RSK is far more threatened, and we believe that it is our duty to offer unification," Krajisnik said.

'Transitional, Interim Phase'

LD2305210495 Belgrade SRNA in Serbo-Croatian 2014 GMT 23 May 95

[FBIS Translated Excerpt] Banja Luka, 23 May (SRNA)—Momcilo Krajisnik, president [title as received] of the Bosnian Serb Assembly, stated in Banja Luka today that a unified Serb state west of the Drina would only be a transitional, interim phase prior to the imminent unification of all Serbs.

"The unification of the Bosnian Serb Republic and the Republic of Serb Krajina [RSK] would create a transitional state because this would only be the first phase prior to the unification of all Serbs. Perhaps it is a paradox for us to form a strong state for a short period of time, but we have been forced into doing this because of the need to defend the Serb people and our ethnic areas. The next phase is the formation of a single Serb state which—I have always said this—must be called Serbia," Krajisnik said. [passage omitted]

"The international community will oppose the unification of the Serb states, but I think it is our last chance to fight in a united way against our enemies," Krajisnik said.

Recalling that the federal setup of the new Yugoslavia was a bad example, Krajisnik announced the setting up of "a truly unified Serb state west of the river Drina."

"The people want unification, but it must be fundamental, not declarative and formal. Not a single decision will be imposed. Bosnian Serb Republic and RSK representatives will discuss all the issues in order to find the best solution for the entire people," Krajisnik said during a break in the session of the assembly.

Personnel Changes in Banja Luka SDS Examined

95BA0243B Split BIH EKSKLUZIV in Serbo-Croatian 28 Apr 95 p 1

[Article by Ozren Tinjic: "Purges in Banja Luka: Is Plavsic Taking Over the City?"]

[FBIS Translated Text] Along with all their fear, rage, and hatred, the most recent wave of refugees from Banja Luka, almost 500 of them, have also brought a number of details about the most recent political upheavals at the very top of Serbian political power in Banja Luka.

After the truly incredible "removal" from power of Radoslav Brdjanin, war criminal and former vice president of the SDS [Serbian Democratic Party], probably feeling that the ground is slipping from under them, Mayor Predrag Radic is leaving Banja Luka, and Dr. Radosav Vukic, the first Banja Luka president of the SDS and the monstrous gynecologist and director of the clinical hospital center, is packing his bags. From what we have learned, a professorship at Novi Sad University is waiting for Radic, and there is a place for Vukic in a hospital in the same city.

But by all appearances even Karadzic is not waiting with his arms folded, and thus in an attempt to extinguish the political sparks between Banja Luka and Pale, which could become a dangerous fire, is sending Biljana Plavsic into the game; she is supposed to take the office of mayor left vacant by Radic.

RS Deputy Prime Minister Brdjanin Detained

95BA0228C Split BIH EKSKLUZIV in Serbo-Croatian 14 Apr 95 p 1

[Article by O. Tinjic: "Karadzic Has Arrested Brdjanin"]

[FBIS Translated Text] Following a surprising notice in the news media, newsmen of BIH EKSKLUZIV have learned from a group of people who recently fled Banja Luka that the famous Tunjice, where suspects are held during investigation on the outskirts of Banja Luka, which is mostly reserved for Muslims and Croats, now has a new "inmate"! No more, no less than the deputy prime minister of the so-called Srpska republic [RS]—Radoslav Brdjanin!

It has become obvious that this war criminal, who was directly involved in monstrous crimes related to Omarska, Kozarac, and Manjaca (!), has with his public criticism of looting and kidnapping, and above all with the scandals involving the Golf automobiles, Mostar aluminum, and the (unsuccessful) attempts at the purchase and sale of oil, the so-called Nafta I and II scandals, touched the very top of the so-called

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Republic authorities, that is, the untouchable Karadzic and Krajisnik.

In the end it remains to be seen whether Brdjanin was taken into custody in order to deceive the possible investigation of the judge in The Hague, or he was demanding a larger piece of the "dirty pie" for himself, or, on the other hand, something else is involved, i.e., the top Serbian leadership is undertaking a definitive showdown with those who do not come around. All in all, Brdjanin was certainly not expected to end up behind bars, that is where he was least expected to be, but he has deserved it for a long time.

Article: Poison Gas Used in Bihac Area

95BA0228D Split BIH EKSKLUZIV in Serbo-Croatian 14 Apr 95 p 1

[Article by BPA: "Chemical Warfare Against the Civilian Population"]

[FBIS Translated Text] The Serbian attacks on Bihac are continuing. The Serbs have been shelling the center of the city with 130-mm cannon, 122-mm howitzers, and tanks. The fiercest artillery attacks, which are still persisting, come from the area of Pljesevica, Pritocki Majdan, and Gorjevac. A dozen destructive projectiles fell in the morning within the city limits of Bihac. At present, we know that one person was seriously wounded. The figures on the increasingly frequent use of unconventional weapons also indicate the suffering of civilians in the Bihac region.

Thus, the combined forces of Martic and Abdic in the village Elezovici used chemical weapons like phosgene. Five civilians requested medical aid because of the effects of the chemical weapons.

Following the failures in attempts made so far to penetrate the line of the defenders on the Srbljan-Grmus plateau, the Serbs are again firing on the extended area of Cazin with artillery.

We have learned from sources close to the 5th Corps, and according to the testimony of Nedeljko (Steve) Radosevic, a captured Serbian officer, that the Serbs will attempt to occupy this area with an offensive against the territory of Bihac before 21 April 1995, before UN General Secretary B. B.-Ghali accepts proposals in the Security Council in connection with Resolution 981 and the mandate of the peacekeeping forces in Bosnia-Herzegovina. We have also learned that the 63d Paratroop Brigade from Nis is still stationed in Velika Kladusa.

Article: Pale Leaders' Loot Moved to Serbia

95BA0228E Split BIH EKSKLUZIV in Serbo-Croatian 14 Apr 95 p 4

[Unattributed article: "Pale Is Moving to Belgrade"]

[FBIS Translated Text] The situation in Karadzic's quasi-state is getting worse with each passing day, because no one is any longer able to finance the insatiable Pale elite, which in addition to the atrocities it has committed is also responsible for the horrible looting of Bosnia-Herzegovina. One of the largest thefts is certainly the one at TAS in Vogosce, from which they drove away finished vehicles worth about 300 million marks [DM]. But all kinds of things are being carried away. Entire factories have been disassembled and transferred to Serbia, and there are even cases when university professors have taken away electron microscopes and used them in seeking jobs in Serbia.

Neither soldiers nor police nor teachers have been receiving their salaries, and the rebelliousness of the population is greater and greater. People became particularly upset when it leaked out that Karadzic's entourage in Serbia had purchased 260 housing units to meet their own needs. It is obvious that many of them who have been plundering Bosnia are getting ready to withdraw and to live on what they have gained through their crimes. But it is certain that neither they nor their children will be at peace, because they will be threatened every day by some of those whom they have led into a dirty war, and left them without anything because other people got rich.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Krajina Leader Opposes Union With Bosnia Serbs

LD2405085195 Belgrade TANJUG Domestic Service in Serbo-Croatian 0024 GMT 24 May 95

[FBIS Translated Excerpt] Erdut, 24 May (TANJUG)—The government of the Republic of Serb Krajina [RSK] has failed to reach any specific standpoints on the unification of the RSK and the Bosnian Serb Republic, RSK Prime Minister Borislav Mikelic said in Erdut early this morning.

Immediately after the session which began at 1300 on Tuesday, Mikelic said that there are different opinions in the government on unification and that he believes that at this moment there are more important tasks facing Krajina.

"In addition to this, I will never accept the setting up of a new unitary state in which Karadzic and Krajisnik share power with Martic," Mikelic said.

He warned that if the RSK opts for immediate unification it can no longer share the monetary system with the Federal Republic of Yugoslavia.

Mikelic said that this would be extremely dangerous for the RSK and that "as prime minister, he could not assume responsibility nor lead the government under such circumstances."

Commenting on Milan Babic's statement on Tuesday that the session of the two states' commission for drawing up unification plans, which Babic heads, will be held at 1700 today, Mikelic said that he hopes the RSK members of the commission will do their best to protect the interests of the RSK.

"However, the cause for concern lies in the fact that the commission has been convened with no prior consultations with the FRY even though the RSK Assembly's resolution provides for consultations on unification and stipulates that unification should not be contrary to the interests of the other Serb lands." [passage omitted]

Izetbegovic's Understanding of Federation

LD2305185195 Zagreb HTV Television in Serbo-Croatian 1730 GMT 23 May 95

[FBIS Translated Text] By addressing a session of the Assembly of the Republic of Bosnia-Herzegovina last Saturday [20 May] President of the Bosnia-Herzegovina Presidency Alija Izetbegovic dispelled rumors about his serious health condition and once again showed that he has not given up his political concept of the setup of Bosnia-Herzegovina. In a report on the work of the Presidency for the first time since the break out of the war he repeated his stands on the process of establishing the Federation of Bosnia-Herzegovina and what Bosnia-Herzegovina should be like in the future.

Izetbegovic's principled support for the implementation of the Federation of Bosnia-Herzegovina was expected, more than anything because there has been much verbal and other support for the federation over the past two weeks. Yet another in a series of agreements between Croat and Bosniak-Muslim delegations was reached in Mostar under the auspices of the friends of the federation from Germany and the United States.

However, Izetbegovic speaks about a federation which is also open to the Serbs, which is fine, but also about a Bosnia-Herzegovina which will be set up in the future as a federation of cantons. In this Izetbegovic again ignores the fact that the Washington agreement is an agreement between two nations which—in exercising their sovereign rights—organize the federation on the cantonal territorial principle. In addition, this is a state community of two equal nations which guarantees all civil rights to individuals, in which there must not be any form of supremacy, outvoting or discrimination.

Izetbegovic's laying emphasis on cantons is nothing else but his persistence in the concept of setting up Bosnia-Herzegovina as a decentralized state of regions. By believing that such a state will voluntarily be joined by the Bosnian Serbs is a mere illusion. The contact group plan which Izetbegovic himself accepted envisages Bosnia-Herzegovina as a loose union of two entities—the Federation of Bosnia-Herzegovina and the Serb part with wide state competences and a high degree of independence.

The Bosniak-Muslim leadership's understanding of the Federation of Bosnia-Herzegovina, which is not in accordance with the Washington agreement, is the main reason for the slow establishment of federal structures. But it nevertheless represents a step forward, given that the very same leadership until recently used to say that they see the federation as an interim solution alone, not the goal—an interim solution which would help Bosnia-Herzegovina to regain its integrity.

A question—federation or not—no longer arises, but what sort of federation; this federation favored by the Bosniak leadership is not of such a nature for the Croats in Bosnia-Herzegovina to be able to accept it. Therefore, more than obvious differences in the understanding and the interpretation of the Washington agreement and the federation's constitution have to be removed. Mediators and arbiters from Germany, Christian Schwarz- Schilling, and from the United States, Robert Owen, will have much to do so that a common stand is reached in negotiations.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Opposition Parties Preparing for Early Elections

95BA0226C Split SLOBODNA DALMACIJA in Serbo-Croatian 6 Apr 95 p 12

[Article by Slavica Lukic: "Three Camps Against the HDZ?"]

[FBIS Translated Text] *From their Grand Council session in Zabok, the HSLS [Croatian Social-Liberal Party] offered the opposition the creation of three opposition blocs, left, right, and center, in order to forestall a possible "surprise attack" by the ruling party through an announcement of early elections. Franjo Zenko: "The HDZ [Croatian Democratic Community] already has a fully elaborated strategy for the elections, and has even rented places for posters." Radimir Cacic: "Only an opposition coalition can lead the country out of the dead end." Stjepan Mesic: "To schedule early elections, the HDZ needs a political victory that it could exploit in the campaign." Zlatko Tomsic: "We are willing to accept any version of the electoral law."*

The ruling party could schedule early parliamentary elections at any time, and fundamentally change the current electoral law within a very short period, in order to take the unwary opposition by surprise. Consequently, just in case, it is necessary to be ready for such a political "surprise attack," work out a campaign strategy, and prepare responses for any possible situation. This, in short, was the latest public message from the HSLS, sent from Saturday's meeting of its Grand Council in Zabok.

At that meeting, the Liberals even went a step further than announcing the possibility of early elections, and outlined a future opposition campaign strategy. They are recommending to the opposition parties that in the future electoral race they not follow the former system of all against all, and instead act together against the ruling regime, in a coalition. They do not think, however, that the opposition should be unified into a single electoral bloc (admittedly, it really is difficult to imagine Djapic and Racan in the same political uniform), but rather that it should be deployed in three opposition alliances: One camp would consist of left-wing parties, the second of right-wing parties, and the third and largest, the parties that perceive themselves as centrist. In any case, the time for scheduling early elections expires this August, because after that month we are entering the fourth year of the present electoral period, and so the elections will be like regular ones, regardless of whether they are scheduled in July 1996 or sometime after that.

A New Threshold?

"We have information that the HDZ headquarters on Croatian Giants' Square is already prepared both technically and financially for the next elections," claimed Dr. Franjo Zenko, president of the HSLS Grand Council. "They have worked out their campaign strategy, established campaign headquarters, set up a financial budget for the elections, and even leased locations for large campaign posters. Naturally, that by itself does not necessarily mean that the HDZ and President Tudjman intend to schedule early elections. The date for which they are scheduled will depend on their current political assessment." Dr. Zenko also claims that there are indications that the ruling party is preparing a new electoral law, according to which Croatia would obtain a purely proportional electoral system, and instead of the former division into several electoral districts, there would only be one electoral district at the national level. Allegedly that law is also radically increasing the number of votes that one party has to win in order to enter the Assembly, namely from the former 3 percent to 7 percent. That prohibitive high clause would drastically reduce the number of parties in the Assembly and devastate the parliamentary political landscape.

In response to a question about whether the opposition had already done anything specific to create electoral coalitions or whether Saturday's message from the Liberals only amounted to a public offer, Dr. Zenko said: "We have not yet agreed on any of the details with the other opposition parties, and it is impossible to determine those details until the rules of the campaign game are known, i.e., until we see definitely whether the existing electoral law will remain in effect or a new one will be adopted. The HSLS is open to campaign cooperation with all centrist parties, in order to defeat the HDZ. If an electoral alliance is not possible, we will act alone, because the facts indicate that we can win more votes than in the last elections."

In response to a question about which are the centrist parties on our sometimes nightmarish political scene, Dr. Zenko answered: "In many people's opinion, the HSS [Croatian Peasants' Party] should be our natural allies in the electoral competition, followed by all the other parties that belong to the civil center." The HSLS Grand Council, on Saturday, charged the Small Council with engaging in talks with the opposition parties as early as this week in order to settle one important issue in everyone's interest—effective supervision of the future elections.

Forgetting Narrow Interests

And how was that public call for cooperation received by the other centrist political parties?

"We are open to cooperation with all the parties close to us, which includes the HSLS," we were told by Radimir

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cacic, president of the HNS [Croatian National Party]. He claims that the party has already signed a statement about campaign cooperation with the HKDU [Croatian Christian Democratic Union], and has already spoken about that subject with most of the other opposition parties. Cacic maintains that the opposition has a great responsibility in the upcoming elections, "because it has to lead the country out of the dead end into which it was led by the HDZ's policy, and that is possible only if it is willing for a coalition. The opposition politicians must therefore forget narrow partisan interests and personal mutual antagonisms." As for the prospects that the ruling party might decide on early elections, Cacic said: "Even in the HDZ no one knows whether it will aim for early elections or not, because elections, like a lot of other things in this country, are the result of transitory and sometimes even completely marginal political events."

"We in the HND [Croatian Independent Democrats] also think that the HDZ is getting ready for early elections, not only parliamentary ones but also internal party ones," we were told by HND leader Stjepan Mesic. "It is not quite clear to me what Tudjman is aiming for within the party," Mesic said next, "because in the last campaign convention the radical right wing won, and with its crude and irrational policy, it brought us from the status of a victim into the status of a country without friends. In order to schedule early elections," he claimed, "the ruling party needs a convincing political victory, and instead," Mesic claimed, "Croatian official policy has had defeat after defeat." According to Stjepan Mesic, the HND has already held talks with the center parties about forming a campaign coalition, and in his opinion a campaign alliance has great prospects. Along with the HND, he considers the HSLS, HSS, and HNS to be centrist parties, and, which is very interesting, he also considers Tripalo's Action of Social Democrats very close to the political center.

HSS Attractive

And what does the "most attractive eligible" of the upcoming season, the HSS, desired by everyone and flourishing, which has been approached not only by the opposition but also by the ruling party in its own way, say about all this? Its leader Zlatko Tomcic did not want to respond directly to the Liberals' offer on Saturday, and instead diplomatically repeated his old idea, expressed back in his inaugural appearance at which he was elected HSS president, that his party would follow a policy of equal distance from both the HDZ and the opposition. Tomsic is still claiming self-confidently that the HSS is prepared for all three possible versions of the electoral law: If the existing electoral law stays in effect, it will enter a coalition with other parties, but they do not yet want to reveal which ones. If majority elections and two rounds of elections are introduced, however, Tomsic claims that the HSS will go into the second round with those who get a sufficient number of votes, and if pure proportional elections are introduced, it will act independently, and then conclude postelection coalitions.

He also admits that talks about possible coalitions are being conducted at all levels—whatever that means.

In response to a question about whether he had observed that recently his party was being criticized more and more often and more and more loudly for "scheming" with the HDZ, Tomsic answered, "You can conclude from the crudeness of the attacks made against us by the HDZ how close we are to them."

Susak Promises Liberation by Apr 1996

95BA0245B Split SLOBODNA DALMACIJA in Serbo-Croatian 29-30 Apr 95 p 3

[Unattributed article]

[FBIS Translated Text] In congratulating members of the 4th Guard Brigade on their anniversary, Gojko Susak, defense minister of the Republic of Croatia [RH], first addressed the families of members of the brigade killed in action. "They have presented a gift to Croatia, and the RH supreme command and government will do everything so that you survive without them as painlessly as possible," Minister Susak said.

"In the last three years several media sources in Croatia, whose orientation I will not discuss, have been conducting polemics with me to the effect that the Croatian Army [HV] is not equipped, trained, or properly organized. I have not been responding to them, because you and all seven of our guard brigades are my answer. You are also the answer to the question of whether Croatia today is able to survive, to liberate its occupied territories, and to maintain itself as a sovereign and democratic state. It is thanks to you and the wisdom of the man whose commands we execute that Croatia is here today. There is not a single guard brigade with as many members who have grown up with it from the first day and are still its members.

"In 1991, 1,100 lads were here, and they are still in the ranks today, to the pride of Croatia and Dalmatia. You are professionals, and you belong to all of Croatia. You are equally a brigade of Split as you are of Zagreb, of Rijeka, or of Osijek," Minister Susak said, and he continued: "Dear friends, this brigade extends from Zadar to Prevlaka, and also depthwise, in the liberation of the Neretva, which is the greatest victory over the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

chetniks and the JA [Yugoslav Army] and stands as a pledge that it will be able to go even further, and that follows from the fact that in the last four years you have been the victors in every single battle. Today the Croatian Army has seven guard brigades, all of them well structured and equipped, but there is one that is a shock brigade, and that is the 4th! That is why today I publicly declare as defense minister that I will propose to the commander in chief that on Statehood Day he decorate the 4th Guard as a shock brigade of the HV," Minister Susak said, calling upon the guard members to continue to be ready to liberate the homeland.

"I would like to see all of you in the ranks to the end of the year and Croatia to be free, and we will do everything to arrive at that peacefully, but if military action is necessary, you will not be alone when you take the lead in it. I do not know if there will be a review of your brigade before the end of the year in Knin, or a review of the 3d Guard Brigade in Vukovar—but by this time next year Croatia will be free, and the occupied areas brought under its constitutional system, which is my solemn promise to the public," Minister Susak concluded.

Article: Military Situation in East Assessed

95BA0231A Split SLOBODNA DALMACIJA in Serbo-Croatian 10 Apr 95 p 8

[Article by Mario Galic: "Empty Threats"]

[FBIS Translated Text] *Tanks and personnel from the so-called Federal Republic of Yugoslavia [FRY] also participated in large-scale maneuvers in eastern Slavonia and Baranja, with weapons seized from UN storage depots; this was probably meant to indicate that Milosevic was prepared to "defend" that part of Croatia against a possible offensive by the Croatian Army [HV]. In the last four years, however, the HV's forces have grown so much that the question is whether the Serbian leader would dare to assist his compatriots across the Drina and also risk world condemnation in doing so.*

At the end of March, under the personal command of "President" Martic, the "Krajina" Serbs conducted a large military exercise in Baranja and eastern Slavonia, for the purpose of practicing military operations in the event of an HV attack. In doing so, they seized almost all the heavy weapons from UN Protection Force [UNPROFOR] storage depots, especially tanks, which still have not been returned there. Even all of that would not be particularly interesting (similar exercises have also been held in Banovina and near Benkovac, and at Kordun) if large units from the FRY's Army had not also come to Baranja and eastern Slavonia, then still UNPA [UN Protected Area] Sector East. With the end of the maneuvers, some of those forces from the Republic of Serbia withdrew, but about 1,000 soldiers, about 20 tanks, and certain amounts of artillery that was not in that area prior to the exercise remained in the temporarily occupied area.

If a Croatian attack actually occurred, all these forces plus the local Serbs' units would certainly not even be close to being enough to stop a penetration, but on the other hand they are more than sufficient as a message that "Baranja and western Srijem are part of Serbia, and we will defend them." Whether this decision, which at the same time is a threat to Croatia, will really be carried out depends upon Belgrade's political assessments of whether it will be worthwhile to wage war again and become an aggressor again because of that area. That probably will not be known for sure until the last minute.

Because the HV has become substantially stronger in the past four years, which is particularly true of the ground forces, the military units of the rebel Serbs in any area of Croatia, including Slavonia and Baranja, do not have any great chances of survival. Of course, the Serbs in Baranja are in a particularly difficult position. Since the HV's acquisition of long-range artillery and missile systems that can even hit targets in the enemy's rear, the Serbs in Baranja have felt even more insecure. Concentrated fire from these weapons could completely cut off traffic across the bridge near Batina, which is the only firm link across the Danube with Serbia. Almost the same thing is true of the bridge near Erdut in eastern Slavonia. Putting those bridges out of commission would significantly hamper the supplying of the Serbian forces, and that in turn would have a negative impact upon their combat capability, both because of reduced materiel and personnel reinforcements and because of the decline in morale.

All of these facts are making the already weak position of the rebel Serbs in eastern Herzegovina even worse. It is also clear to Belgrade that they cannot hold out without Belgrade's military assistance. The present strength of the HV does not allow Belgrade to plan an effective defense of the present Sector East with small forces, which their propaganda machinery would declare to be volunteers, because a thousand people more or less would not significantly change the balance of power. Only sending several thousand people, about 50 tanks and personnel carriers, and a large amount of artillery weapons could establish to some extent the necessary balance of power for an effective defense. Once again, the result of the conflict would be questionable for the Serbian side, because of the strength of the HV ground forces, and at the same time, such large forces crossing the Croatian-Serbian border could by no means be declared to be "volunteer units." The reaction of the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

international community, especially the United States, can easily be predicted.

It is also not difficult to predict the reactions in Serbia when the body bags start to arrive from Croatia. There could be even more of them than during the battle of Vukovar, because today the HV is equal in many respects and even stronger than the Serbian army. The Serbian army's numerical superiority is only an apparent one, because a considerable portion of those forces are permanently deployed in Kosovo as a means of intimidation. With a deterioration of the Serbian position in Bosnia-Herzegovina, Belgrade will also have to send its forces there to a much larger extent than in the past, and thus substantially reduce the forces available for waging war in Croatia. Because of that, Milosevic, through a combination of political tricks and a show of military strength, will try to gain Baranja and eastern Slavonia through secret negotiations, allegedly leaving the rest of the "Krajina" to Croatia, all in order to avoid a direct military confrontation with the HV, from which he could emerge completely defeated militarily and politically, which would probably also be the end of his military career.

Croatia must therefore firmly insist on the demand for the reintegration of all its territories, especially now that the HV is ready to carry out that task, regardless of whether forces arrive from Serbia or not.

Commander on Role of HVO Military Police

95BA0231B Split SLOBODNA DALMACIJA in Serbo-Croatian 11 Apr 95 p 14

[Interview with Brigadier Franjo Primorac, chief of the HVO Military Police Administration, by Nikica Siljeg; place and date not given: "We Will Take Care of the Families of the Fallen Defenders"]

[FBIS Translated Text] *We will always have time for all our wounded and the families of our fallen defenders, and we will help them financially to the best of our ability. The military police have to be equipped to handle both military police and combat missions. Our structure has undergone two changes and reorganizations in the past three years. We owe great thanks to the Croatian Army [HV] Military Police Administration.*

Last Sunday the central part of a formal celebration of the third anniversary of the HVO [Croatian Defense Council] Military Police was held in Ljubuski. Several thousand citizens, the families of fallen defenders, and many guests from the Croatian Republic of Herceg-Bosna and the Republic of Croatia gathered at the city's Bobovac stadium.

The third anniversary of this unit was also an occasion for us to interview Brigadier Franjo Primorac, chief of the HVO's Military Police Administration.

[Siljeg] It is well known that the Military Police have been and have remained the "greenhouse" of personnel for the civilian and all other military structures of the HVO. What is the current cooperation like between the Military Police and the Ministry of Internal Affairs and the other HVO military structures?

[Primorac] It is true that a lot of people have left the Military Police for other units and other parts of the HVO, from the guard brigades to the Ministry of Internal Affairs and its specialized units; and not just for this reason, our cooperation with all of them has been and has remained continuously good. That is particularly evident at the higher levels, whereas at somewhat lower ones there are certain problems, for instance at the local municipal level. Fortunately, those are only isolated cases. We hope that this mutual trust and respect will descend from the top to the mutual relationship of the local military and civilian police.

Our cooperation with the HVO Corps Region is also continuously good and at a high level. We hope that it will stay that way.

[Siljeg] The structure of the Military Police has undergone considerable changes from its establishment until the present day.

[Primorac] The structure of the Military Police has undergone two changes and reorganizations in the past three years, all so that it could better respond to its tasks and the times in which it was living and working. We will also try to make sure that our future changes in structure will be in support of our current and long-term tasks. To put it simply, the Croatian military police must also be present and function wherever the HVO and Croatian soldiers are present.

[Siljeg] What in particular will you try to achieve through future changes in the structure of the military police?

[Primorac] We will try to continue to educate and train members of the military police better, in order to achieve a higher overall level of education and training than the current one. Naturally, the military police would thereby also perform their tasks better and more successfully and become considerable more mobile than they are now. The military police thus have to become equipped to carry out not only military police tasks, but also all other ones, primarily combat tasks. After all, that has also been demonstrated many times in the past, and there is no reason why that should not be the case in the future as well. It is precisely for that reason that the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

military police must be mobile, so that if necessary they can be transferred as soon as possible to the battlefield where their presence is necessary. After all, we have also demonstrated our mobility and readiness to carry out even the most difficult combat missions in the recent operations on the Kupres-Livanj battlefield.

[Siljeg] We assume that the HVO military police had a great deal of assistance from the HV military police in building their structure and training their personnel?

[Primorac] That is precisely the case. We owe a great deal of gratitude to the HV Military Police Administration. They offered us maximum support and assistance, not only in training our people but also in the material equipping of our units. That was particularly shown at the beginning of the Homeland War [1991]. And currently, we are training a certain number of people in the HV Military Police schools.

Furthermore, since we formed our Training Company, which should soon grow into our own school, we have also been able to train our own members ourselves. We have the personnel for that school, but we still need to find suitable premises.

[Siljeg] Unfortunately, a large number of members of the military police have also died in defending Croatian territory.

[Primorac] A total of 188 of them have given their lives during the past three years for the homeland and the freedom of the Croatian people. We have tried to show their families at least a small part of our gratitude for what they did for all of us. That is why we invited the families of all the dead and wounded members of the military police during those three years to the third anniversary ceremony.

[Siljeg] In any case, the unit constantly takes care of the families of the fallen members of the military police.

[Primorac] Naturally, but I must emphasize that previously we had not formed the Department for Taking Care of the Families of Fallen and Wounded Defenders. That job was thus done by battalions, and with varying success, because people coped as well as they could, and so some of our wounded members and the families of dead defenders were taken care of worse than they should have been. I am therefore asking all our wounded and the families of fallen defenders to realize the difficulties under which we have worked and to be patient just a little while longer. We will always have time for those people and those families, assist them financially in accordance with our capabilities, and at least try to understand their suffering and pain, aware that we will never be able to give them anything even close to what they gave us.

Anniversary of 9th Rafael Vitez Boban Battalion

95BA0231C Split SLOBODNA DALMACIJA in Serbo-Croatian 11 Apr 95 p 2

[Article by Z. Sagolj: "It Grew Dark for the Enemies..."]

[FBIS Translated Text] "We rose up in defense of the independent state of Croatia, and donned the black uniforms that very soon darkened the eyes of Serbs and enemies, and that is why Croatia is always grateful to us," Major Marko Skejo said at a formal inspection of the members of the 9th Battalion.

Split—At a formal ceremony on the premises of the former barracks on Visoka, the fourth anniversary of the founding and operation of the Independent Company of the 114th Brigade of the Croatian Army, better known as the 9th Rafael Vitez Boban Battalion, was celebrated. Former soldiers, as well as the families of fallen members of the battalion, also attended the ceremony, along with a large number of representatives of the city's and zupanija's military and civilian authorities. The first to address those present was the commander of the 9th Battalion, Captain Mice Cuk, who said that 10 April represented the fulfillment of the centuries-old dream and aspirations of the Croatian people. Before that, throughout history Croats had encountered resistance and a lack of understanding, and very often armed conflicts, aimed at denying them their right to the most basic thing, their own state.

"We rose up in defense of the independent state of Croatia, and donned the black uniforms that very soon darkened the eyes of the Serbs and enemies of Croatia. That is why Croatia is always grateful to us. All those who love Croatia love us. Many people are afraid of our mourning clothes, and they should be. Mourning clothes are our fate, our history has been black, and things were black for us in Yugoslavia. Many of our mothers have been wrapped in black in this war too," stated the commander of the 114th Brigade of the Croatian Army, Major Marko Skejo, emphasizing that the 9th Battalion would complete what it had to do, "step on the neck of the Yugoslav and communist dragon."

Then the members of the 9th Battalion were handed commendations for their proven bravery and self-sacrifice, which they were awarded by the battalion commander, the commander of the Croatian Army Corps Region, the chief of the Croatian Army's General Staff, and the president of Croatia. That was also an occasion for the command of the 9th Battalion to deliver appropriate thanks to their sponsors, the individuals and enterprises that had supported their activities ever since their establishment.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

HND Accusation of Police Harassment Viewed

95BA0231D Split SLOBODNA DALMACIJA in Serbo-Croatian 13 Apr 95 p 2

[Article by A. Malenica: "The Police Are Eavesdropping on Us!"]

[FBIS Translated Text] HND [Croatian Independent Democrats] Vice President Dragutin Hlad claimed at a press conference that the Ministry of Internal Affairs [MUP] had established a special team to monitor the party's work, more precisely to tap the telephones and monitor the movements of its more prominent members.

Zagreb—The brutal attacks against HND members and their property were the main subject about which the leaders of the HND, party vice presidents Dragutin Hlad and Friar Tomislav Duka, and members of its presidency Dr. Leticija Antolic-Drndic and Dalibor Kovacevic, spoke to reporters on Wednesday in Zagreb.

The Croatian authorities, according to what was heard at the conference, decided on special treatment for the HND. The attacks upon members of that party in Gospic were followed by another incident in Osijek. The victim in that incident, Dr. Leticija Antolic-Drndic, president of the HND's zupanija council for the Osijek-Baranja Zupanija, testified herself to reporters about what happened to here on the night of 9 to 10 April 1995. While she was on duty at the hospital where she is employed as a doctor, her house in Osijek was broken into. The investigation of that event is in progress, but Dr. Antolic-Drndic, while asserting that she did not want to prejudice any conclusions before the completion of the investigation, stated the following facts: She claims that everything in the house was demolished and turned inside out, from the front door to the attic. The money, jewelry, and weapons that were in the apartment were not touched, however, and the only thing that the burglars took away was files with military materials and two audio cassettes from her office. The files, Dr. Antolic-Drndic further claimed, contain documentation that she kept while she was performing the duty of medical chief for the Third Guards Brigade, and the cassettes were recordings of the founding meeting of the HND in Osijek.

HND Vice President Dragutin Hlad claimed that the MUP had established a special team to monitor the HND, more precisely to tap the telephones and monitor the movements of its more prominent members. In response to a reporter's request that he state the arguments to support that assertion, Hlad answered that he could not reveal the individual who had informed them for the sake of that individual's safety, but that he could assert with certainty that the information was true.

HNS Presents 'Contract for Different Croatia'

95BA0231E Split SLOBODNA DALMACIJA in Serbo-Croatian 13 Apr 95 p 2

[Article by A. Malenica: "Seven Points for a Different Croatia"]

[FBIS Translated Text] Believing that the election campaign in Croatia has already started, the HNS [Croatian National Party] is joining in it with its seven-point Contract offering the establishment of a social-welfare state, parliamentary democracy, and the definition of Croatia as a citizens' republic.

Zagreb—"Although unannounced, the election campaign in Croatia is under way. In that context, our party is offering the Croatian public, citizens, parties, and trade unions a 'Contract for a Different Croatia.'" With these words Stjepo Martic, chief secretary of the HNS, presented at a press conference on Wednesday a document with which, as he stated, the HNS was beginning its election campaign.

"The Contract is based on seven principles, which in theory are nothing spectacularly new," emphasized HNS President Radimir Cacic, adding that some points would be elaborated on in the next two documents that the HNS would soon present to the public.

"In the Contract, the HNS is offering the establishing of Croatia as a state of social justice and parliamentary democracy, and the definition of Croatia as a citizens' republic," said Cacic, emphasizing that this last demand was nothing more than an inversion of the fact that Croatia is the national state of the Croats.

On the other hand, the HNS Contact offers the restoration of a mandate over all Croatian politics, "from court oligarchy to legitimate democratic institutions, in which," in Cacic's opinion, there should not be any sort of living god above the Assembly and the people, or between them. The HNS supports free enterprise, but also the introduction of European standards in culture, education, science, etc. Cacic also emphasized the need to free the state administration, the police, the army, and the intelligence services from any sort of subordination to any party. Emphasizing once again the need to have the media as free as possible, Cacic stressed that that would mean that all parties should have equal access to the state press, radio, and television. The HNS Contact also supports a stable family, which is the foundation of society.

"This Contract of ours emerged as an answer to the obvious failure of the creators of Croatian domestic and foreign policy," emphasized fellow HNS leaders Branko Grgic, Igor Dekanic, Srecko Bijelic, and Dr. Dinko

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Covic. "The UN Confidence Restoration Operation in Croatia (UNCRO), unfortunately, does not guarantee real control of our borders with the Federal Republic of Yugoslavia," the HNS leaders said, adding that unfortunately, by that very fact one cannot speak of the refugees' return. The HNS is also upset by the splitting of Croatian society into a handful of parvenus who "own Croatia" and the impoverished majority who do not have anything except anxiety, as the HNS leaders asserted in conclusion.

Role of Special Police, Future Coast Guard Unit

95BA0231F Split SLOBODNA DALMACIJA in Serbo-Croatian 13 Apr 95 p 3

[Article by I. Toma: "For a Peaceful Life"]

[FBIS Translated Text] *In addition to a special forces training center, the formation of a small coast guard air force unit is also planned in Mali Losinj.*

Mali Losinj—"Because of unique circumstances, the Croatian police were the force that first offered armed resistance to the aggression. The special police units have a long and rich past behind them, and when I say long, I mean it is limited by the duration of the Croatian state even before it was internationally recognized," we were told by Deputy Minister of Internal Affairs Zlato Gledec, addressing those present at a formal ceremony on the occasion of the graduation of the third class of students in the course for leaders in special police units in Mali Losinj.

"The Interior Ministry knows what a well-equipped policeman means in terms of knowledge, experience, and patriotism," Gledec continued, and in that context, he added that Croatia needed well-rounded, educated, professional, and honest policemen, true friends of a law-governed state, in whom all citizens of our homeland will have a guarantee that they will live in peace and quiet. He also added that the Ministry of Internal Affairs was not sparing any resources in order to raise the level of the police force's professional and technical preparation, and for that purpose, the center for the training of special forces was established.

Assistant Minister of Internal Affairs for the Special Police Mladen Markac, addressing the special forces students, stated that during the Homeland War [1991] they had acquired certain knowledge and experience that they now had to transfer to younger generations, and emphasized that the special police still had the task of reaching Croatia's internationally recognized borders along with the Croatian Army, fighting against terrorism, and ensuring the peaceful and safe return of the refugees. Assistant Minister Markac emphasized that at the Mali Losinj center, in addition to training special forces, they were also planning to form a small air force unit that would monitor the water area, along with patrol boats to monitor the border at sea.

"In the leadership course for special police units, we tried to gather all the knowledge in one place and expand on it, and this very summer we will prepare professional literature for the special forces," stated the center's commander, Bogdan Celinic, while discussing the center's work. In addition to special police employees from all the police administrations in Croatia, eight special policemen from Bosnia-Herzegovina also completed the course. Deputy Minister of Internal Affairs Gledec presented appropriate awards to the 10 most successful students in the course.

The ceremony in Mali Losinj was also attended by Zlatko Lenac, chief of the Coastal-Mountain Police Administration, and his colleagues, as well as Dragan Rezic, chief of the Interior Ministry's Special Police Section.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Ministry Closes 5 Private Radio, TV Stations

AU2405114595 Tirana RILINDJA in Albanian 24 May 95 p 1

[Article by I. Arsllani: "Five More Radio Television Stations Closed"]

[FBIS Translated Text] Tetovo, 23 May—Following a decision by the Macedonian Ministry of Communications approved on 15 May according to which private radio and television stations must be registered with this ministry and not merely with the Information Ministry, five such stations were unplugged in Tetovo today.

TV Arti, TV Koha, TV Misi, Radio Bleta, and Radio Fama all had their regular programs interrupted. TV Super, Ago Skaj, TV Kissi, and Radio Visari are still operating. All these, except TV Kissi, carry mainly Albanian-language programs.

According to some managers of these radio and television stations, the Macedonian authorities gave no warning of such rigorous measures, but immediately enforced the decree without any period of grace, although several of these stations have been operating for more than two years without any serious criticism.

These private radio and television stations were informed of the decision for their closure in the presence of security officials and were told that, if they continue to broadcast, their electronic equipment will be confiscated and they will face criminal prosecution. These private radio and television stations have, therefore, organized a petition that has already been signed by more than 10,000 citizens. The Tetovo Communal Assembly will examine this issue at a meeting tomorrow.

Foreign Ministry Denies Signing UN Demarche

AU2405063295 Skopje MIC in English 23 May 95

[FBIS Transcribed Text] Macedonia's Foreign Ministry denied the news released by the Greek press that the permanent representative of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] at the United Nations Denko Maleski signed the Collective demarche for compensation of the losses suffered by countries affected by the UN sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro).

Although the Republic of Macedonia is in essence supporting the Collective demarche, which was initiated by the Republic of Bulgaria, it did not sign the document because Macedonia's constitutional name was not contained in the document.

Macedonia will present its viewpoint and interests on this issue to the UN Secretary General Butrus-Ghali in a written form.

Yugoslav, Serb, Montenegrin Unions Visit Skopje

95BA0236B Skopje NOVA MAKEDONIJA in Macedonian 19 Apr 95 p 4

[Article by S.V.: "Many Common Topics for Discussion"]

[FBIS Translated Text] For the past three days representatives of the Union of Independent Trade Unions of Yugoslavia, Serbia, and Montenegro were guests of the SSM [Trade Union Federation of Macedonia]. As SSM chairman Zivko Tolevski said at yesterday's press conference, this means a resumption of cooperation with these trade unions, a cooperation that was interrupted with the breakdown of Yugoslavia.

Tolevski reported that a discussion on trade union subjects was held with the guests, without mentioning politics. Both guests and hosts noted that such meetings by these trade unions are needed in order to exchange experiences, since the problems of the workers they represent are quite similar. Among the problems most extensively discussed was that of the rights of workers related to privatization in the two countries: minimum wages, ways of setting them, relations with the government, and collective bargaining. Extensive discussions were held on social problems. It was pointed out that in that area too there are many similar points in the two countries, and the discussions also touched on social and labor legislation and on the participation of the trade unions in formulating such legislation. Experiences regarding the functioning of a tripartite system were exchanged.

During the visit, the highest trade union representatives of the Socialist Republic of Yugoslavia had discussions with the chairmanship of SSM, and visited "Europa" in Skopje and "HTD" in Ohrid.

Problems in Selling U.S. Corn Discussed

95BA0236C Skopje NOVA MAKEDONIJA in Macedonian 20 Apr 95 p 5

[Article by B. Dicevska: "The Corn Is Spoiling and the Livestock Breeders Are Not Interested"]

[FBIS Translated Text] *About 3,000 tons of American corn do not meet quality requirements and there is a danger that substantial amounts may be spoiled. Only 2,500 out of 40,000 tons have been sold.*

About 3,000 tons of American corn do not meet quality requirements and have been removed from use. There is a danger that substantial amounts of corn corn may

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

be spoiled, thus lessening the value of all the efforts of livestock breeders to meet their needs promptly and fully with the necessary raw materials with which to feed their cattle.

How did it happen that an important amount, about 40,000 quintals, of American corn are in such condition? Because until recently, it was claimed that this corn was of exceptional quality and would meet about 50 percent of the needs. Where did the breakdown occur?

According to Kiro Jankovski, the Republic's chief plant protection inspector, based on all the surveys and analyses conducted by the proper inspection services at the border crossing points, the corn was in proper condition when it arrived, and of a quality consistent with all stipulated standards. This was also confirmed by plant quarantine inspector Kosta Hadzikojcev, from Gevgelija. According to him, the change in the quality of the corn was caused by its lengthy and inadequate transportation. The corn was moved over a longer period of time than was needed, in open railroad cars and under extremely bad winter conditions. This greatly increased the percentage of moisture of the corn. Mixed in the silos, this corn, with a high moisture content, lowered the quality of already stored amounts.

The moment the first shipment from America reached the port of Salonika, further transportation was made impossible by the Greeks, because of their embargo of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]. There was a delay of about 20 days while discussions were under way. Furthermore, the transportation took place in open cars, because Greece did not accept our request for closed railroad cars, which would have provided comprehensive protection. The same occurred with the subsequent shipments.

All the amounts so far received have been warehoused in the silos of Bitola, Skopje, Kumanovo, Sveti Nikole, Stip and other places with available storage capacities. This does not guarantee that the quality will be maintained. This is due, above all, to the low volume of sales. So far, only 2,500 tons have been sold, which clearly proves the low interest displayed by livestock breeders and factories producing livestock feed. According to the statements of livestock breeding farms, the current price of eight denars per kilogram [kg] for time payments and six denars for cash payments set by the government is high and difficult to meet, because corn can be purchased from other corn-growing areas at four denars per kg. Based on this reaction, the government recently decided to lower the price to six denars for term payments and five denars for payment in cash. Nevertheless, there is little interest in purchasing, and the main reason for this is a lack of funds.

The volume of current sales can not be determined precisely. However, the irresponsible attitude of the livestock enterprises and processors is obvious. The procurement of imported corn was based on their strong reaction to the shortage of livestock feed and the danger of seeing the size of the overall herd reduced. With this goal in mind, the government assumed the obligation to pay $7 million, to be repaid within 30 years, with a grace period of three years and a 3-percent annual discount. The conditions are indeed satisfactory but this does not mean that the corn should be sold off in a cashless deal although the present position of livestock enterprises and farms points to such a situation. As the condition of the spoiled corn becomes obvious, and the fear that even more corn will spoil in the future is voiced, reaction to the shortage of livestock feed has abated. Could this be due to fear of the pressure that American corn will be sold at any price because of the unrealistically described condition of the availability of livestock feed, or are the livestock enterprises procuring corn from other areas through a variety of "related" deals? Be that as it may, the American shipment is insured. This means that the damage will be compensated. What remains is the poor experience that will most likely serve as a good lesson in taking all sorts of steps to surmount possibly-adverse conditions in the future.

Constitutional Court on Use of Foreign Symbols

95BA0236D Skopje NOVA MAKEDONIJA in Macedonian 20 Apr 95 p 3

[Article by L.K.: "The Illegal Use of the Flag Will Be Punished"]

[FBIS Translated Text] *Criminal actions and violations stipulated in the laws that result in violent protests do not violate the Constitution. Sanctioning the use of national symbols does not mean restricting the rights of ethnic groups.*

Yesterday the Constitutional Court debated the initiative of Mahmud Jusufi, a lawyer from Tetovo, who disputed stipulations of the penal law of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] and the law on violating public order and tranquility. It is a question of Articles 205 and 206 of the penal law of the Republic of Macedonia, and of Article 14 of the law on violations, which sanctions participation in a crowd that prevents an official from carrying out his official duties, or else a crowd whose participants ignore the demand of a government authority or official that they disperse. The initiator believes that these stipulations violate Article 21 of the Constitution, which

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

secures the right to peaceful assembly for the expression of public protest. The Constitutional Court stipulated that the Constitution indeed guarantees the rights to peaceful assembly, but concluded that the legal stipulations in question apply to "unpeaceful" assembly. This means that, in general, the right to a peaceful protest is not in question.

As to who will assess the nature of an assembly, it is also stipulated that this is the prerogative of the competent state authority and certainly not a concern of the Constitutional Court.

Gazmend Ajderaga from Debar submitted an initiative to the Constitutional Court concerning the law on violations for the purpose of terminological coordination. This initiative was rejected on the basis that the court had already dealt with a similar initiative. However, by majority vote of the judges, it was resolved not to discuss Articles 15, 25, and 33, objected to. No action is needed concerning Article 15, for its terminology has already been coordinated with the Constitution. As for Article 25, it applies to the use of national symbols in public places. The court believes that the citizens of the Republic of Macedonia, regardless of their ethnic affiliation, cannot be relieved from general civil and other duties based on the law, and that in no case could any such commitments be qualified as restricting the right of the various ethnic groups freely to express and develop their identity.

Draft Law on Defense Education Viewed

95BA0236A Skopje NOVA MAKEDONIJA in Macedonian 23-24 Apr 95 p 3

[Article by Z. Petrov: "Eliminating Criminalists!?"]

[FBIS Translated Text] *One of the basic provisions of the draft law for the establishment of a center for the training of security cadres is that said center is to be downgraded a secondary-school level police school, while the existing Security Faculty is not mentioned in the draft law. What does the letter of the Faculty's teaching and scientific council sent to all groups of Assembly members say?*

For the past two years, following the resolution of the minister of internal affairs to stop registration of new students at the Security Faculty, the fate of that institution of higher education has remained unknown. During that time, there has been a kind of public debate between the Security Faculty's teaching personnel and the head of the police on whether that school should continue to exist or be closed down. The matter has become serious, because the idea of closing down the Security Faculty is already backed by a legal resolution. Specifically, one and half years ago, the government of the Republic of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] drafted a project for the conversion of the center for the training of security cadres in which the Faculty was not mentioned, reducing the center to a secondary-school level police school. The draft law was adopted by the parliament last February 25, committing the government to draft a law, which was done some 15 days ago. The final draft of the law reached the Assembly last summer, but the session in which the matter was scheduled to be addressed did not take place. Meanwhile, the law was once again adopted by the commission and, as we were told, will be submitted to the members of the Assembly this month.

According to the author of the draft law, one of the basic stipulations of the law on establishing a center for the training of security cadres is that the center is to be reduced to a secondary-school level school in the sphere of security, or a secondary-school level police school. According to the provisions of this law, after the law is adopted, students will no longer students of the Security Faculty (this was already de facto the case, for the past two years, per an earlier resolution of minister Frckovski) so that, as regards those already registered, the center will be closed as of the 1995-96 school year. The Security Faculty is expected to terminate its activities on 31 December 1999 and the MVR [Ministry of Internal Affairs] is expected to consider the fate of the Department's instructors, personnel, and workers. This, actually, is the essence of the entire law.

The law reminds Assembly members that 15 years ago the MVR concentrated exclusively on hiring personnel from the Security Faculty, which limited the hiring of citizens trained at other faculties. In other words, the MVR does not need just criminalists but also lawyers, economists, sociologists, engineers, and so on. It is being said such a personnel policy saturated the need for Security Faculty graduates, whose training is narrowly focused, and lacks the "horizontal" flexibility of other areas of state administration. According to the explanation, the MVR must rejuvenate its personnel. The explanation stresses, especially, the conclusion that experience to date has shown that the quality and adaptability of the employees of the MVR is not beneficial to Security Faculty cadres. Lastly, the explanation notes that the method used to set up this Faculty remains quite controversial: in Macedonia, this was focused on meeting the needs of internal affairs agencies of the former Yugoslavia.

This part, drafted by its author, was aimed at the government of the Republic of Macedonia. Recently, all groups of representatives in the Macedonian parliament received a letter describing the views of the Security Faculty's scientific council. In order to balance these

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

views, let us point out some of the arguments of the Faculty's representatives.

To begin with, the view that the department is graduating untrained personnel is inaccurate, because it is a fact that many responsible and expert positions in the MVR are being filled by professionals who are graduates of the Security Faculty—including the first, and for the time being only, Macedonian Police general, Stanoja Bogev. The Faculty professors do not question the MVR's need for personnel with different training, but this applies to other positions within the ministry—such as the general, legal, financial, or technical services—whereas the basic function of the police is the struggle against crime, a struggle that can be waged expertly and well by trained criminalists. Incidently, the teaching-scientific curriculum shows that some 30 subjects taught at the said Faculty (juvenile delinquency, criminal psychology, criminalistic tactics, criminalistic technology or methods, victimology, and so forth) are not taught in any other institution of higher education in the country. Furthermore, it is noted that this initiative is not supported by a any elaboration or analysis that would reveal the real reason for closing down the Faculty. On the other hand, there is a discussion of the basic work in the field of security to be performed by cadres trained by the School of Law, School of Economics, or any other technical faculty, with courses lasting a few months. The conclusion of the Security Faculty's teaching-scientific council is to support the continuous four-year Faculty training of criminalists, because struggle against crime can be successfully waged only by highly specialized personnel with knowledge of crime and criminology, who have properly mastered the etiology and phenomenology of crime.

Such, then, are the views of the two opposite sides, between which the representatives in the Macedonian parliament must choose.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

IZVESTIYA Account of Walesa Remarks Denied

LD2305163695 Warsaw Polskie Radio First Program Network in Polish 1600 GMT 23 May 95

[FBIS Translated Text] Presidential Spokesman Leszek Spalinski has said that President Lech Walesa did not recommend instituting an inquiry into the setting up of Radio Caucasus. The Russian IZVESTIYA daily reported this, referring to the president's remarks.

The president says one thing and what Russian journalists say is another, the spokesman said. He explained that the president, as he put it, is not recommending any inquiry. He added that there are special legal services in Poland, such as the National Radio and TV Broadcasting Council, the Ministry of Communications, and the police, which regulate the issue of radio broadcasts. Spalinski noted that the president is not specially engaged in the matter of the activities of Radio Caucasus. He explained that President Lech Walesa simply told Russian journalists that there are legal regulations in Poland that control the activity of such stations.

The spokesman thinks that nothing special was said in the president's interview for Russian journalists, but, as Spalinski stressed, somebody was trying to sensationalize the whole thing.

Kuron Views Candidacy, 'Dream' for Future

AU2305192495 Prague RUDE PRAVO in Czech 19 May 95 pp 1, 4

[Interview with Polish presidential candidate Jacek Kuron by Pavol Minarik in Warsaw; date not given: "One Even Has To Know How To Fall Off a Bicycle"]

[FBIS Translated Text] [Minarik] Have you ever dreamt that one day you would be competing for the presidency?

[Kuron] No. I have never contemplated what to be or what to do. Nevertheless, I have always thought of a Poland that would be the same for every citizen, democratic and autonomous. I would like my life-long dream to become reality. I have, however, such an internal psychological makeup that I must always have grand and hard-to-realize ideals in front of me. If I did not have them, I would not even want to live.

[Minarik] What ideas about the role of the head of state and also of Poland will you be taking into the election campaign?

[Kuron] These two concepts are inseparable, and this will certainly be reflected in the campaign. Moreover, it has transpired that the campaign could become a certain—in the good sense of the word—battle over the method of administrating the state. Personally, I would not want the campaign to turn into some primitive tirade but rather a nationwide discussion. Some time ago, a group of people from the Zoliborz district of Warsaw, where I live, turned to me and asked me to become the president for every Pole. They completely spontaneously founded a committee to support me in the elections. Hundreds of such committees with a similar or the same orientation immediately sprang up across all of Poland. My idea of a president is not based on the principle "divide and rule" but, rather, "unite so we can rule together." The president of my dreams does not struggle for an expansion of his powers to the detriment of various democratic institutions but rather cooperates with them and supports their authority. Regarding the state, then, I consider a strong territorial self-administration to be of the utmost importance. It is the basis for everything else: from state administration to economic development. This includes education, health care, and the struggle against unemployment. There are spheres in which we are beginning to succeed.

[Minarik] If you win the elections, where would you say is the place for your adversaries?

[Kuron] They certainly should not be in prison but in parliament. If they win the parliamentary elections, then, of course, in government. Regardless of the presidential elections, however, I would like to say that various political parties represent various interests of the people. We cannot get anywhere without mutual consent and compromise. Inflexibility or the unthinking maintenance of one's positions do not lead to anything good. I was recently helping to settle a bitter conflict between workers and an Italian capitalist who operates in our country. At first, it was impossible. Only after patient negotiations did both parties understand that without compromise they could not get anywhere. I would be happy if that applied here also on a broader scale.

[Minarik] A president must sometimes also make unpopular or harsh decisions. Rumors have it, however, that you are too soft.

[Kuron] Some time ago, I asked President Lech Walesa on television not to approve an increase in pensions because the social security system could not take it. It was generally expected that it would be my political death. In fact, I got the top ranking in the politicians' popularity poll. I simply understand that life is a complex affair and that politicians must also make harsh, unpopular, or controversial decisions. If someone wants to be everyone's favorite, he should be a violin virtuoso, a satirist, or a television anchorman, but not a politician.

[Minarik] Do you appreciate both those who worked hard in the time of the people's Poland and those who

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

at the time fought the regime and were persecuted for their actions?

[Kuron] One must clearly distinguish between these people and those who committed crimes and must be punished. An attack against the communist past is actually a justified attack against these felons. The problem is, however, that the citizens perceived it as an attack against themselves, who had worked honestly in the past and generated values that still exist today, and no one can question them. They simply reached the conclusion that someone is trying to deprive them of a part of their life of which they need not be ashamed. We must openly speak about both the good and the bad that has remained in the consciousness of the people. At the same time, we must not be afraid to stand up against various cliques that use the most diverse approaches to reach for power. Here, I have not only the former *nomenklatura* in mind, but also the new cliques based on the most varied principles.

[Minarik] What will you do if you lose the elections?

[Kuron] I have never been and never will be idle. For a long time, I have been involved in something that I will term nongovernment organizations. At present, we are quite busy in Poland, with literally an explosion of social activity of the population. The new social order, which we need so badly, can only be built by the incessant activity of people. I would stay among them and try pushing the cart forwards.

[Minarik] What does political culture mean to you?

[Kuron] It has many features, but the most important one for me is the ability to come to terms with everyone and an effort to reach an agreement. I also include here the ability to understand that the endeavors of a person with views different from mine, for instance, are important, necessary, and useful.

[Minarik] Do you have many friends?

[Kuron] I celebrated my 60th birthday recently, and friends prepared a banquet for me. It was attended by 460 friends, and those were just the closest ones. There certainly are more of them, but not everyone could make it on that day. On that occasion, I said—as a joke, of course—to my friend Karol Modzelewski that all of this implies that I have to become president because I do not have room enough to host so many friends. He replied: I have something for you. You should be a custodian at the royal castle. You will have much less work than the head of the state, less responsibility, and substantially more rooms than there are in the presidential palace.

[Minarik] Do you also have some enemies?

[Kuron] Just like anyone else, but I could hardly name a specific person.

[Minarik] What is freedom to you?

[Kuron] It is for me the opportunity to have some input. Of course, freedom can be "from-to." Freedom means to be free of restrictions, but I have never had any problems with them. Even if anyone forbade me to do something, I would not obey him. Freedom to me has always meant freedom to do something. It could be creativity or just the demarcation of one's own life. Freedom is for me a value beyond full appreciation, and no tyrant can deprive me of it.

[Minarik] What about Solidarity? It could be said that it is also your child a little and is not doing so well....

[Kuron] Solidarity has some problems but as a trade union. It emerged and grew as a political movement, but the transformation into an efficient trade union that should operate, above all, on the enterprise level is rather difficult for them. I am convinced, however, that they will overcome the difficulties.

[Minarik] You had a bicycle accident and spent a month in the hospital. Upon discharge, you said that you are healthier than before the accident. What exactly happened?

[Kuron] I really did fall off a bicycle and hit my head. Until then, I had occasionally suffered from hypertension, but my blood pressure has been normal ever since. So I would like to add that it can even be useful to know how to fall off a bicycle.

Prof. Zielinski Complains of 'Negative' Campaign

WS2305143495 Warsaw GAZETA WYBORCZA in Polish 23 May 95 p 4

[Article by "DOM": "Professor Zielinski Says: 'I Am Not Promoting My Self-Image'; The Civil Rights Spokesman's Anxieties"]

[FBIS Translated Text] *Civil Rights Spokesman Professor Zielinski said in a radio interview for the Third Program that a negative election campaign has already been launched against him.*

"I work as usual. I am not promoting my self-image. I attended the Union of Labor congress only to announce that I am not taking part in the election campaign," said Prof. Zielinski. He stressed that he would not make a decision whether to run until the elections are announced.

The spokesman declared he would back out of the race if Jacek Kuron is ranked higher in preelection opinion polls. It would not make sense for both of them to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

run because they have similar constituencies. "Although mine is slightly larger," added Zielinski. "If all parties, including the Christian-National Union, looked at what I am doing, they would discover that my activities correspond to their programs. I place emphasis on social justice, which is one of the principles of the Catholic social teachings. I stood in defense of catechist priests who should be remunerated for the job they perform. The current state of affairs violates the Labor Code," claims the civil rights spokesman.

Zielinski says a brutal election campaign awaits Poland—it has already been launched against him.

"Information is being spread that I am well over 70. I do not claim there is anything wrong with being that old, but, because I am not an old septuagenarian, please do not present me as one," said the civil rights spokesman. He complained that his office was no longer listed in the polls on the most trusted public institutions. "I was listed in those polls until recently, and my office was always in the top positions," said Zielinski.

Zielinski also said that all of the pressure that is being exerted on him to resign from office is an element of the negative campaign.

UOP Head on Work Methods, Campaign, Elections

WS2205094595 Warsaw RZECZPOSPOLITA in Polish 19 May 95 pp 1, 3

[Interview with General Gromoslaw Czempinski, head of the Office of State Protection, by Anna Marszalek; place and date not given: "I Do Not Join Successive Winners"]

[FBIS Translated Text] [Marszalek] Who will be the new president of Poland?

[Czempinski] It remains to be seen after the election. The Office of State Protection [UOP] does not attempt such forecasts.

[Marszalek] From the point of view of UOP, is it completely all the same to you who will be elected president?

[Czempinski] I must respect the decision made by voters, and so must every citizen.

[Marszalek] What goes on before that? Does UOP check presidential candidates?

[Czempinski] It is usually the case that it is well-known politicians who run for this office, so there is no need to verify them. Incidentally, there is no formal procedure for verifying presidential candidates.

[Marszalek] What can you tell us about the situation before the previous elections? Let us take Stanislaw Tyminski, for instance, whom the internal affairs minister falsely accused of having relations with Libyan terrorists.

[Czempinski] I do not know the details of this issue.

[Marszalek] Should UOP reveal information collected on a certain candidate if his election threatened the interests of the state?

[Czempinski] It would have to be a very drastic case. I would then turn to the Sejm speaker—of course, after discussing the problem with the internal affairs minister.

[Marszalek] Does UOP infiltrate political circles?

[Czempinski] We do not conduct any such operations against any of the well-known people that take part in public life, nor do we collect information on their political activity.

[Marszalek] One can imagine, however, that you might become interested in such people as Lepper, Tejkowski, jand Bryczkowski; they say they are going to run in the election.

[Czempinski] Our office obligates us to deal with those who threaten to overthrow the political system by force, those who accept use of force as a means of resolving conflicts, and those who act against the constitutional order.

[Marszalek] How do you explain the fact that now and then politicians voice opinions that UOP is either bugging their conversations or watching them?

[Czempinski] I think that in the preelection heat such information will appear increasingly often because people remember the image of these services created before 1990.

[Marszalek] What does the Democratic Left Alliance [SLD] fear in UOP?

[Czempinski] I suggest that you direct this question to the SLD.

[Marszalek] On what grounds did UOP collect material on Aleksander Kwasniewski, Sejm deputy and chairman of the SLD Club, during the "Scales" operation. The only people directly involved in the operation, which concerned the "money from Moscow," were Mieczyslaw Rakowski and Leszek Miller.

[Czempinski] You are saying this as though it is certain. I will neither confirm nor deny that this information is true. Of course, we are investigating this issue.

[Marszalek] Antoni Macierewicz drew up lists of people that included politicians with homosexual inclinations, as well journalists who cooperated with UOP under

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the Mazowiecki and Bielecki governments. Are these people still actively cooperating with UOP?

[Czempinski] Macierewicz said on many occasions that his lists were not lists of collaborators but of people whose names had simply been included in UOP files.

[Marszalek] I am asking about the additional lists, which included the names of current UOP collaborators, and not about the lists that were taken out of the "archives."

[Czempinski] Legends have already been created on this subject; however, I would give anything to the person who is able to determine whether those people really were collaborators.

[Marszalek] Even if it is impossible to say precisely what function those persons fulfilled, it does not alter the fact that politicians are sometimes collaborators of these services, and there is no reason that this should be denied.

[Czempinski] UOP works for the interests of the state. Despite that, the question suggests that cooperation of politicians with UOP, for instance, is reprehensible.

[Marszalek] Not exactly. Instead of that, it should rather show that this is one of the typical methods of work employed by these services. What makes politicians decide to begin such cooperation? Is it the "holds" you have on them, or is it money?

[Czempinski] I do not know any politicians who have decided to cooperate with the intelligence services for money.

[Marszalek] What about counterintelligence?

[Czempinski] My knowledge about the work of the counterintelligence services is smaller. I have worked there only three years. There is a group of people who believe that the interests of Poland are of utmost importance and that it is only their duty to share their information on a specific subject that is important to the state's security with the services.

[Marszalek] You and your subordinates have sufficient powers to make many decisions and take many steps on your own, without informing the internal affairs minister. Does any information leave UOP without your knowing about it?

[Czempinski] Whatever the boss does not know is, in fact, only marginal information. I do not have any information that I might take seriously, that UOP is not doing what it is bound to do. As I see it, it is doing exactly what it is expected to do.

[Marszalek] What can, for example, the head of the Counterintelligence Board and his subordinates do of their own accord?

[Czempinski] Of their own accord they can come and submit a motion to the supervising deputy or chief and say that they want to handle a given problem. If an issue is in any way related to politics, they cannot make any decision.

[Marszalek] What if it concerns a very specific issue, such as recruitment of an employee of some ministry or a journalist? Are such decisions made in agreement with you?

[Czempinski] Now you are beginning to discuss our internal methods of work. We do not go into the state administration; that is, we do not recruit collaborators there. Incidentally, having been recruited is not the same as maintaining official contacts. It is even written on our badges that we ought to be offered assistance. "A UOP functionary, while performing his duties, is authorized to demand indispensable assistance from state-run establishments, to turn for such help to companies and social organizations, as well as to ask—in an emergency—any citizen for immediate help." This is how these things are done. If we receive alarming signals from the same sources on many occasions, we start to wonder whether we should not have our own source of information there. We also receive information from citizens who tell us that something apprehensible is happening somewhere and that we ought to take care of that. After all, if we were not receiving any information, what would we use in our work?

[Marszalek] If a counterintelligence functionary came to a journalist and tried to recruit him or her, would you know about it?

[Czempinski] We do not recruit journalists as sources of information. This example is not very good. However, I certainly do not know about each case of recruiting a Polish citizen.

[Marszalek] Still, some articles look as though they were based directly on UOP's operational material.

[Czempinski] So far, there have been three publications that showed that someone had access to our operational material. Of course, we are investigating these issues. However, sometimes articles on the links that politicians have, for instance, only prove the considerable skills of journalists, who use in their work methods similar to those employed by UOP.

[Marszalek] Is it true that you have recently asked Minister Milczanowski to recall Konstanty Miodowicz, head of the Counterintelligence Services?

[Czempinski] No, it is not.

[Marszalek] Now, if it were true, you would tell us about it.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Czempinski] No, I would not because personnel issues are UOP's internal affair. I believe that this man has integrated into UOP. He joined it along with Minister Kozlowski and Minister Milczanowski. These politicians have a lot of confidence in him. He is a very diligent man, a man of enormous knowledge that he has acquired over the past five years. If I decided that I did not trust Mr. Miodowicz, I would have to submit my own resignation.

[Marszalek] From where did such rumors come, then?

[Czempinski] I do not know, but there are more of them—for example, that there was a time when Minister Milczanowski and I were not on speaking terms with each other, that I am in conflict with Jasik and Zacharski.

[Marszalek] Are you able to control leaks in UOP? The material you possess may be used in political fighting.

[Czempinski] We are trying to keep this under control. However, if UOP is subjected to pressure to politicize it, this will be very tough. Attempts are being made all the time to put me and Mr. Miodowicz at odds with one another.

[Marszalek] Nonetheless, it so happened that Miodowicz gave Marek Markiewicz [at that time chairman of the National Council of Radio and Television] a piece of information on [private television station owner] Solorz without your knowing about it.

[Czempinski] It is not true that something leaves this office without my knowing about it. This piece of information was not yet completely approved, but I have accepted full responsibility for it.

[Marszalek] Right, but you did it after the fact. Politicians are convinced that some information leaves the counterintelligence service without your knowing about it—via Miodowicz, among other people.

[Czempinski] These are only rumors. Various people often try to make me believe that they have seen some material or files in Wachowski's office; however, whenever I ask for specifics, it turns out that they have seen them only from afar and do not know what they were about. The same holds true of the persistent information that UOP is under the influence of only one center of power. Everyone is interested in my relations with the president, whereas no one takes any interest in my relations with the prime minister or with other politicians.

[Marszalek] Which side of the political scene—the leftist or the rightist-Christian one—prevails among counterintelligence employees?

[Czempinski] I do not approve of such discussions because they result in politicizing UOP, as well as in a fear of purges. Publications on this subject lead to a division of UOP into the old men and the new ones. When the issue of Zacharski's nomination surfaced, I was accused of favoring people with a Polish-People's-Republic record. Now I am being criticized because entirely different people prevail.

[Marszalek] Many politicians are convinced that the presidential campaign will be sharp and that it will also be conducted in the Military Information Service and UOP because, in both services, there are people who support either the president and—let us put it this way—rightist groupings, or Kwasniewski and the left wing. People in both services may also be afraid of purges, depending on which side wins. Therefore, they may want to give their support to one of the two competitors.

[Czempinski] If you think hard about the publications that are published on this subject, you will find that there is only one person that is associated with the Belweder—I.

[Marszalek] I do not think so. There is also Waldemar Malinowski, head of the UOP Gdansk Office and director of the Observation Office. It is also not ruled out that people mentioned in the article published by NIE as sympathizers of the church, if faced with the alternative whether to back Kwasniewski or Walesa, will support the latter.

[Czempinski] If a UOP head somewhere engaged in political activities in his office, this would be immediately noticed. However, UOP has been constructed in such a way as to make this difficult. If we got involved in areas in which we should not get involved, there are internal control mechanisms that would send such information to me. During a political campaign, I am particularly sensitive to such issues, and it is very difficult to send a piece of information that has not been approved by me. There were lists of issues with which we were to deal but which I rejected because, especially in the election year, they might give rise to accusations that they are of a political nature, even though they might have concerned, for example, money-laundering operations.

[Marszalek] Did you do anything about the cases of Inter Ams and Bank Gospodarki Zywnosciowej or any other companies linked to the Polish Peasant Party [PSL]?

[Czempinski] No, we did not. Whenever an issue is related to politics in any way, we leave it to prosecutors' offices.

[Marszalek] Does Prime Minister Oleksy trust you?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Czempinski] This is a question for Prime Minister Oleksy. If he said that he does not trust me, I would tender my resignation right away. I would do the same if Minister Milczanowski said it. Please note one thing, and I do not know whether it is good or bad for me: I do not have any political base. I cannot say that there is a political group that supports me. I was appointed to this office because it was the wish of Minister Milczanowski and no one else. I do not think that a change in this office would be much of a problem.

[Marszalek] I think it probably would be a problem. If the SLD tried to appoint its own man to head UOP, Minister Milczanowski would most probably object and would submit his own resignation; of course, the president would be against such a decision as well. A violent storm would rage over the services and the Internal Affairs Ministry, which probably no one wants to see happening during the election campaign. Also, the parliamentary and extraparliamentary opposition would undoubtedly advertise your recall as an attempt to have the services dominated by one side of the political scene.

[Czempinski] It is not easy to defend this institution from attempts to politicize it. I believe that my predecessors in office—Milczanowski and Konieczny—performed this task successfully. I am being watched more closely than they were. I want UOP to be professional and to serve what it has been set up to serve. However, the mass media have forced the opinion that I am "Wachowski's man." I like him a lot and I respect him for being original. I am not anyone's man, but, after all, you do not expect me to confirm or deny this information every time the press writes about it.

[Marszalek] Do you not treat the Belweder as your base?

[Czempinski] I did not start working after 1990; I worked before that time as well, and the president does not favor these kinds of people. I consider it my duty to be loyal to the president and the prime minister. I had very good relations with Prime Minister Pawlak, for instance. I have several friends among politicians of the PSL and the SLD, as well as among politicians in the Belweder. I found it easy to cooperate with Kaczynski; my relations with Naimski were pretty good. I also had quite a lot of friends in the Freedom Union. I even had very friendly relations with both [Chief of General Staff] Wilecki and [former Defense Minister] Kolodziejczyk because I like both of them. I talk to many politicians; however, I want to maintain UOP's independence, and, therefore, I am not close to any political group. I am a middle-of-the-road man. I do not join the camps of successive potential winners.

Features of Presidential Candidates Viewed

WS2405074595 Warsaw ZYCIE WARSZAWY in Polish 16 May 95 p 2

[Report by NIKA: "Gallery of Portraits; Good and Bad Features of Presidential Candidates' Characters"]

[FBIS Translated Text] *Results of presidential opinion polls do not explain why we are prepared to back a given candidate and not any other. Why do we think highly of the politicians for whom we are going to vote in the fall elections? Sociologists of the Public Opinion Research Center [CBOS] attempted to provide answers to these as well as other questions.*

The idea behind the research carried out by the CBOS was to make an analysis of our perception of the candidates who occupied the top six positions in the presidential ranking in April. We decided not to present Prime Minister Oleksy, who will certainly not run in the election, and Waldemar Pawlak; the Polish Peasant Party has not yet decided whether it will field him as its candidate.

For many months now...

Aleksander Kwasniewski

...has been in the top position in preelection opinion polls. Since 14 May, Kwasniewski has been the official candidate for president of the Democratic Left Alliance [SLD]. His image is dominated by positive characteristics. Good looks and intelligence are features that must be confirmed in this case—more than four in five Poles appreciate them. Currently a greater number of respondents than four months ago (at that time 65 percent, now 74 percent) pay attention to the dynamism and energy of the SLD leader. More than half of the respondents consider him to be a politician who is competent (69 percent), consistent (53 percent), and specific in his statements (59 percent).

Does the SLD candidate understand the problems of the people? At this point, differences of opinion emerge—two in five respondents believe that he does, whereas every fourth respondent expresses an opposing view. What is most controversial about the chairman of the Social Democracy of the Polish Republic is his honesty—33 percent believe he is incorruptible, while 27 percent do not. According to sociologists, this characteristic will prove most important when people make their decision to support him.

In all, Kwasniewski's most important characteristic is his intelligence. Even though other characteristics such as good looks and a clear way of speaking are not ignored, they seem to be of secondary importance.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Supporters of this politician are primarily people who sympathize with the left wing, people with the highest incomes, private entrepreneurs, as well as skilled workers. They think highly of him mainly because of his competence, political experience, and calmness. He would be supported first of all by voters of the SLD (54 percent) and voters of the Union of Labor [UP] (21 percent).

He is least popular with blue-collar and white-collar workers, respondents with primary education, and the oldest people. If Tadeusz Zielinski did not run in the elections, his supporters would join the group of voters of the SLD leader. If, in turn, it turned out that Kwasniewski did not run for the presidency, part of his electorate would be taken over by...

Jacek Kuron

...who is the official candidate of the Freedom Union [UW] and who occupied second place in the April ranking list drawn up by the CBOS. It is generally (83 percent) believed (and, aside from intelligence, it is the most prominent characteristic of this politician) that he understands the problems of the people. More than two in three Poles think much of him for his energy (68 percent) and for his competence (62 percent). Right now not 52 percent, as was the case previously, but 62 percent, see the intelligence of the former labor minister. More than half of the respondents think highly of him for his succinct way of speaking (57 percent), his honesty (56 percent), and his consistency (54 percent). Criticism refers mainly to his looks, which are not approved of by two-thirds of the respondents; it should be noted, however, that in December such people constituted three-fourths of the respondents.

Kuron's supporters are primarily representatives of the managerial cadres and the intelligentsia, residents of big towns and cities, as well as well-off people. When they identify with him (by saying "he is our man"), they argue that they would vote for him because he is a great politician "made of flesh and bones," one who also has a great deal of moral virtues. The interesting thing is that only 31 percent of UW voters are going to back him. He would also be supported by every fifth voter of UP.

He is least popular with peasants. If he did not run in the election, his votes would be taken over by Adam Strzembosz and Tadeusz Zielinski. If Aleksander Kwasniewski did not run, Kuron might receive his votes.

Lech Walesa

...just like the two previously described politicians, has already announced that he will take part in the election campaign. In April, he was third in the opinion poll. Most people, as was the case in December, distinguished his energy. However, whereas at that time this feature was noted by 57 percent of the respondents, now as many as 66 percent have no doubt about it. Sensitivity to people's problems was seen by 39 percent (previously 31 percent); however, slightly more people (44 percent) do not think Walesa is sensitive to those issues.

Also in other respects negative evaluations are prevalent. The things that are criticized most about him are as follows: his vague way of speaking (76 percent), his lack of competence (68 percent), and the fact that his intelligence does not distinguish him from others (67 percent); according to the respondents, these are the most important features in the image of the incumbent president. Also opinions on Walesa's competence most affect people's readiness to support him in the election.

Walesa is accepted primarily by religious people, those with rightist views, low incomes, and higher education. In casual conversation, they say that their choice was decided by the president's political experience and by the fact that he is a man who "is able to do something." Also, his contribution to the fight against the communist system has not been forgotten. He was the only candidate who won the support of the Solidarity electorate (35 percent). Aside from that, 8 percent of the supporters of the extraparliamentary right wing want to vote for him.

People who are most critical of the incumbent president are skilled workers, supporters of the left wing, young people, and people who only rarely go to church. His votes might probably be taken over by Adam Strzembosz and Jacek Kuron. At the same time, Lech Walesa's chances to be reelected would be far better if Jacek Kuron and...

Adam Strzembosz

...did not run in the election.

Many people do not yet have an opinion on the president of the Supreme Court, who has also officially announced that he is going to run in the presidential election. Others consider him to be an intelligent (52 percent) and competent (45 percent) person, which the respondents name as the most important characteristics of this candidate. Few people criticize him for other characteristics included in the list—with two exceptions. Every fourth respondent accuses him of being insufficiently energetic, and just as many respondents point out that he is not very handsome.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Readiness to back Strzembosz is influenced primarily by the opinion that he understands the problems of the people and that he takes care of their future. His candidacy is approved primarily by people with rightist views, the intelligentsia, low-level white-collar workers, and well-off people. They think highly of his expertise, his legal knowledge, and his virtues—that is, his honesty and frankness. Support for him is declared by every fourth supporter of the extraparliamentary right wing and by every 10th voter of UW. If Strzembosz decided not to run, he would strengthen the position of Tadeusz Zielinski and, to a lesser degree, that of Jacek Kuron. If, in turn, Zielinski, Kuron, and Walesa retreated from the election, they would considerably improve Strzembosz's chances of success.

Candidates in May

The most recent opinion poll, conducted by the CBOS in May, showed that there had been a change. It indicates that Aleksander Kwasniewski still tops the ranking list, even though he is supported by fewer respondents. Right now, one in five persons entitled to vote want to vote for him. He lost some of the support he had earlier to Tadeusz Zielinski, whose electorate doubled over that time. Thus, he is now supported by as many voters as Kuron—15 percent. The third position is held by three politicians—Walesa, Strzembosz, and Andrzej Olechowski.

Readiness to go to the polls was declared in May by two-thirds of those entitled to vote.

* * *

These data were prepared by the CBOS on the basis of two opinion polls: one conducted between 30 March and 4 April on a random representative 1,145-person sample, and another conducted between 7 and 11 April on a 1,177-person sample. The most recent poll was conducted between 5 and 10 May on a 1,203-person sample.

Amendments to Privatization Law Examined

95EP0095A Warsaw NOWA EUROPA in Polish 6 Apr 95 p 4

[Unattributed article: "Amendments to the Transformations: Greater Employee Rights"]

[FBIS Translated Text] Three months after the presentation of the draft law on the commercialization and privatization of state enterprises the government started work on the final version of the proposed law. The draft changes markedly the binding regulations, affords greater possibilities for initiating privatization processes, and introduces equal treatment of the employees of privatized enterprises.

The Ministry of Privatization justified this draft law on the grounds that the experience gained in the more than four years since the law on the privatization of state enterprises became binding shows that accelerating the pace of economic reforms, including privatization, as combined with gaining social acceptance by employees of privatized enterprises, will not be possible unless marked changes are introduced in both the adopted practical solutions and the procedures followed.

The need for amending the binding law was perceived as early as in 1992, when the government prepared appropriate proposals, which were included in the "Pact on the State Enterprise Being Privatized." But the work on these amendments was discontinued when the parliament became dissolved in 1993. Subsequently, it was decided to draft a new law instead of amending the old one, so as to allow for the principal decisions of the tripartite negotiations resulting in the aforementioned Pact, the directions of privatization under the program for the commercialization of state enterprises, and the decisions of Team VI concerning the application of "A Strategy for Poland." Thus the draft law on the commercialization and privatization of state enterprises represents a new law which was transmitted by the government to an especially appointed taskforce to hammer out its final version before being passed on andenacting into law.

Commercialization

The purpose of commercialization, that is, of the conversion of state enterprises to [Treasury-owned] joint-stock companies or partnerships, is to adapt these enterprises to operating in a free-market economy, and subsequently to privatize them by selling Treasury-owned stock or shares. Commercialization results in changing the enterprise from a self-governing model to a model close to that of a capitalized company. Under the draft law, commercialization would be carried out by the minister of privatization on the basis of the act of conversion of the state enterprise to a company, with said act containing the bylaws of the company and specifying the amount of its equity capital and the names and surnames of its first-term board of directors.

In addition, to simplify the process of commercialization, a questionnaire will be developed for the state enterprises eligible for commercialization. The form of the questionnaire and the list of the required documents will be determined by the Council of Ministers.

Commercialization will not be extended to bankrupt or liquidated enterprises as well as to those for which that

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

status is pending. Also ineligible for commercialization will be the enterprises in the process of being legally broken up or merged, until that process is completed, as well as plants operating pursuant to other laws. Similarly, commercialization will not be extended to the enterprises with fewer than 500 employees or whose volume of sales of goods or services does not exceed the equivalent of 4 million ecu, or whose assets do not exceed that amount either.

The draft law proposes, in order to retain continuity of management, adopting the rule that the director of a state enterprise become the chairman of the board of directors of the company into which that enterprise is transformed, and that persons who are members of the enterprise's worker council be appointed members of the supervising council of the company for its first term. It also proposes that the management of the commercialized enterprise be based on civil-law contracts. The managers would be appointed competitively according to rules which will be defined in an executive order of the Council of Ministers.

The draft law provides for the possibility of converting a state enterprise into a Treasury company with creditors. Such a solution makes it possible to commercialize and privatize debt-laden enterprises by affording them partial debt relief. Debt conversion is to apply to all the liabilities incurred before the end of 1994.

Bringing Things Into Order

The draft law introduces new appellations for two principal methods of privatization. Privatization through liquidation will be abolished and replaced with direct privatization, which together with indirect privatization will constitute the two principal methods of privatizing enterprises. Indirect privatization occurs after the enterprise is commercialized, and it consists in the sale of stock or shares in the company. Direct privatization consists in disposing of all the assets of the enterprise and deleting it from the registry of state enterprises. This makes possible to sell the enterprise, including the so-called quick sale, to contribute the enterprise to the company, or to provide the enterprise for utilization in return for a fee.

Under these two methods of privatization, more detailed techniques, such as the conclusion of management contracts, which consist in entrusting the management of the commercialized enterprise [to competent managers] until it becomes privatized, will continue to be applied.

Direct privatization will be carried out by the parent agency, with the consent of the head of the privatization ministry, that is, as before but with the innovation that the parent agency may privatize an enterprise in the absence of a recommendation to do so by the enterprise's director or worker council, if the parent agency receives an offer to purchase the enterprise or establish a joint-stock company on its basis.

Favorable changes are proposed as regards the conditions for relinquishing, in return for a fee, enterprise assets to joint-stock companies in which employees are shareholders. The possibility of prolonging the leasing contract to 10 years is afforded, as is the possibility of transferring ownership to the transferred assets as soon as one-third of the payment due under that contract is made within two years; this period can be shortened to as little as one year if the new joint-stock company has by then paid one-half of the amount due. Furthermore, the draft law enables the Council of Ministers to provide additional relief for the companies operating in the townships menaced by particularly high structural unemployment.

Employee Rights

Under current practice, the employees of the plants being privatized through conversion to joint-stock companies or by being sold are deprived of the right to buy stock at preferential prices, unlike in the case of the plants being privatized through capitalization. The draft law provides for equality of rights in this respect for the employees of all privatized enterprises. Employees will have the right to receive gratis up to 15 percent of stock in the joint-stock company. However, the combined value of that stock donation to employees may not exceed the mathematical product of 18 months worth of average monthly wage in the state sector multiplied by the number of employees eligible to receive the stock. To employees it is advantageous to calculate the value of the stock at the time of its issue rather than at the time the company is entered in the Business Registry, in view of the lapse of time and inflation. It also is proposed that employees may sell their stock after 12 months from the date they receive it.

The right to acquire gratis up to 15 percent of stock would also be granted to the farmers or fishermen who are permanently linked to a given enterprise, e.g., to a farming enterprise.

Furthermore, the employees of the privatized enterprises will not be deprived of having a say on the management of the resulting joint-stock companies. The draft law provides for granting employees the right to elect one-third of the members of the supervising council in the companies in which the State Treasury owns more than 50 percent of stock. After stock is sold below that level, the employees would have the right to elect one member of a supervising council having three to 10 members,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

two members of a council having 11 to 15 members, and three members of a council with more than 15 members. In addition, employees are to be granted the right to elect one member of the board of directors in companies with more than 2,500 employees.

The solutions proposed in the law on the commercialization and privatization of state enterprises afford greater opportunities and chances for speeding up these transformations.

Commentary Calls For Central Bank's Independence

95EP0095B Warsaw NOWA EUROPA in Polish 1-2 Apr 95 p 2

[Article by Zbigniew Maciag: "The Independence of the Central Bank"]

[FBIS Translated Text] This month the deputies on the Sejm Economic Policy, Budget, and Finance Committee proposed that the central bank be subordinated to Sejm. It is to be headed by a bank council composed of members nominated by the president, the parliament, and the government. The chairman of the bank, as nominated by that council, would be appointed by Sejm. This solution is opposed by the representatives of the National Bank of Poland [NBP], who believe that the bank chairman should pursue an independent monetary policy, though at the same time one of his principal duties would be to present an annual report to the parliament. In their opinion, the bank chairman should be appointed by Sejm upon being nominated by the [Polish] President.

This has revived the dispute on the independence and autonomy of the central bank. It is becoming particularly significant in a situation in which the NBP and the government espouse differing concepts of monetary policy and, on the basis of the same facts, adopt diametrically opposite decisions. Representatives of the Finance Ministry admit that such a situation does not promote the stability of public finance, and that it even complicates the war on inflation. In this atmosphere of a continuing conflict, notions of restricting the bank's independence are being conceived. But are those who demand such restrictions indeed in the right?

In a market economy the central bank is the principal, though not the sole, guardian of a strong currency. It protects the currency's purchasing power and by the same token stabilizes the price level. The experience of many countries indicates that such a bank does this more effectively when it is independent of the government. For it so happens that, in the name of spurring an economic boom, governments often demand increasing the money supply. This is indeed bound to produce positive effects in the short run, but in the long run it means the growth of inflation, with the entire society being the loser.

There is no doubt that discussions questioning the independence of the central bank are in glaring conflict with worldwide trends. That is because in recent years many countries have strengthened the autonomy of their central banks, and it must be admitted, with good effect. Some economists believe that it was precisely because of this that certain Latin American countries have succeeded in curbing their hyperinflation. The Maastricht treaty places great emphasis on the independence of central banks. To the member countries of the European Union that independence is a prerequisite for establishing the European Monetary Union in the future. In Germany and Holland that independence has long been existing, while in other countries it is yet to be introduced. It was recently introduced by France, whose central bank used to be quite dependent on the government.

In a situation in which we are applying for admission to the European Union, any attempt to reduce the role of the NBP is unreasonable and dangerous to the economy. Clearly, the independence of the NBP cannot mean its absolute monopoly on monetary policy. Therefore, a good solution would be the appointment, on the French model, of a new agency, the Council for Monetary Policy, which would assure the collectivity of the decisions taken. It would consist of nine members: The chairman and two vice chairmen of the NBP and two representatives each from the Sejm, the president, and the government. The members of the council could not hold any other public office. This council, which would consist of top experts, would have the decisive voice in defining and pursuing the monetary policy.

The time for just such a solution has come, for any further escalation of the conflict between the NBP and the Finance Ministry will affect the economy adversely. The war on inflation will not be promoted by the endless public polemics between the representatives of both institutions on such issues as the interest rates, the ways of limiting foreign-exchange reserves, or the expediency of a floating exchange rate for the zloty. The [establishment of the council] will put an end to the accusations that the NBP chairperson takes all decisions unilaterally on ignoring the opinions of persons with other views.

To me it is clear that those who demand curbing the independence of the NBP are in the wrong. On the other hand, those are in the right who demand establishing a machinery for monetary-policy decisionmaking that

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

would exclude any suspicion of authoritarianism, mismanagement, or submission to political pressures.

Supreme Chamber of Auditing Reorganization

95EP0096A Krakow TYGODNIK MALOPOLSKA in Polish 30 Mar 95 No 13, pp 1, 12

[Article by Maciej Janek: "Improved NIK"]

[FBIS Translated Text] From infancy on, every human being is under the control of, first parents, then teachers, and later still his work supervisor. For it so happen that a man learns and works more effectively if someone monitors, that is, controls him. Unfortunately, a high level of self-control is not the trait of too many people. As in interpersonal relations, so in the state there must exist institutions attending to control, that is, to verifying the actual situation and its consonance with the assumptions. Perhaps the best-known institution of control is the NIK, or the Supreme Chamber of Auditing ["Control"]. When asked the business of that institution, nearly anyone will answer that it attends precisely to control. But few would probably know how to describe this in more detail. It would be worthwhile to examine the NIK in more detail, specially in view of the new law governing that institution that was recently passed.

The law defines the Supreme Chamber of Auditing as a "supreme organ of state control" subordinate to Sejm, which is to audit the legality, efficiency, expediency, and thoroughness of the activities of government agencies, the National Bank of Poland, and state-owned corporations. But the NIK is also empowered to audit local governments and other communal organizational units. The auditing is principally focused on the financial and economic implementation of the state budget and other regulations by the agencies being monitored.

Auditing by the Chamber is usually done on its own initiative or upon the recommendation of the Sejm, Sejm bodies, the head of state, and the prime minister. The Chamber has certain obligations toward Sejm, for, among other things, it must submit to Sejm an analysis of the execution of the state budget and provide information on the findings of audits recommended by Sejm, the president, or the prime minister, as well as recommend to Sejm the acceptance of government reports and submit annual reports on its own operations as well. It is worth noting that the Chamber also notifies the president and the prime minister about the findings of its audits.

The Supreme Chamber of Auditing is headed by the chairman, who is responsible for its operations to Sejm. It is precisely that lower chamber of parliament which appoints him—on the recommendation of the Speaker or a group of 35 deputies—by an absolute majority of votes. In theory, the Senate's consent is also needed to staff the post of NIK chairman. But if the Senate adopts no pertinent resolution within a month, this is considered as the Senate's consent. Thus, in this case silence means approval. In the event, however, that the Senate declines to consent to the candidate appointed by Sejm, it will have to elect a different person.

Following his election, the new chairman is sworn in. At the moment the oath is sworn, his six-year tenure commences, a term to which the same person may be reelected once. Thus, the same person may chair the NIK for 12 years. But Sejm may recall the chairman earlier (upon the recommendation of the Speaker or 35 deputies, by an absolute majority of votes, and with the consent of the Senate). The recall may occur if the chairman is permanently incapacitated by an illness, is sentenced by a valid court verdict for perpetrating a premeditated crime, or when the Tribunal of State prohibits him from holding any executive post in the government.

But directing the Chamber also involves certain privileges. The chairman may not be made criminally accountable or arrested and detained without the consent of Sejm. He has the right to attend sessions of the Council of Ministers and of Sejm as well. He also is empowered to submit to the Constitutional Tribunal recommendations for providing a mandatory interpretation of laws and for ruling whether a particular law is consonant with the Constitution. Moreover, the NIK chairman recommends to the Sejm Presidium the appointment of two to four vice chairmen and, with the consent of the Speaker of Sejm, he appoints and recalls the director general of the NIK. It should be added that the chairman, the vice chairmen, and the director general all are apolitical appointees, so that these posts cannot be held by persons who belong to one political party or another or who at the same time hold another public office or other employment, with the exception of university teachers.

The structure of the Chamber includes a collegium consisting of the chairman, the vice chairmen, the general director, and 14 members. They are nominated by the chairman and appointed by the Sejm Presidium; seven of them must represent the legal or economic sciences, while the other seven are directors of organizational units of the Chamber or advisers to the chairman. From among them the chairman selects the secretary. In general, the tenure of a member of the NIK Collegium lasts three years. The purposes of the collegium include approving analyses of the execution of the state budget and annual reports on the Chamber's operations. In addition, the powers of the collegium include passing resolutions concerning the acceptance of government reports, the draft bylaws and budget of the Chamber, and periodic

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

plans of work for the Chamber. The collegium passes its resolutions in the presence of a quorum of at least half of its members, by a majority of votes in secret balloting. The organizational units of the Chamber are departments and branch offices. It should also be mentioned that the execution of the Chamber's budget is monitored by Sejm.

The executives supervising the performance of audits are the directors and deputy directors of the Chamber's organizational units, the advisers to the chairman, and legal, economic, and technical advisers. As for the civil servants performing the audits, they are: senior auditors, auditors, senior inspectors, inspectors, and junior inspectors. To become an employee of the Supreme Chamber of Auditing one must meet several requirements. First of all, obviously, Polish citizenship is required, along with complete legal capacity, full civil rights, and a higher educational background. In addition, no person with a criminal record may become a NIK employee. Lastly, an adequate state of health is required. While performing an audit, NIK representatives have the right of free access to the territory of the unit being audited, and they may inspect documents, summon and interrogate witnesses, and demand verbal and written explanations from the representatives of the unit. In addition, they are empowered to inspect the facilities in question and are free to avail themselves of the assistance of experts in particular domains.

The new Law on the Supreme Chamber of Auditing was passed on 23 December 1994 and published on 16 February 1995. It will take effect after six months from the date of its publication. But as for the provisions governing the procedure for appointing the Chamber's chairman, they took effect already a month later, that is, on 16 March. Even though the head of the Chamber is supposed to be apolitical, the PSL [Polish Peasant Part] is interested in the staffing of that position. Of course, the new chairman would have to refrain from political activity, but while partisan activities can be suspended, political views can hardly be.

Effect of 'Black Market' Employment Noted

95EP0094A Warsaw ZYCIE GOSPODARCZE in Polish 9 Apr 95 No 15, pp 40-41

[Article by Irena Dryll: "Unlicensed Private Enterprise"]

[FBIS Translated Text] In the 1970's and 1980's, moonlighting and "earning on the side" were in fashion. In the 1990's, unreported employment and unlicensed private enterprise are blooming.

What is the effect of that "black," or unreported labor market on the legal labor market and legally operating companies? The Institute for Research on Democracy and Private Enterprise, National Chamber of Business, in its study of the labor market, conducted jointly with Lodz University (Department of Private Enterprise and Industrial Policy), tried to answer this question, among others. A report on that study was recently presented in Warsaw at the Conference on the Informal Labor Market. (Footnote) (The report, edited by Professor Mieczyslaw Bak, also contains an analysis of the possibilities for restricting unreported employment (M. Bak, T. Mroczkowski) and a model of the circulation of money in private companies (P. Kulawczuk)) Below we present selected excerpts describing the features of the unreported labor market (by Prof. Bogdan Piasecki and Dr. Anna Rogut of Lodz University) and its operating procedures (Jolanta Badowska, Henryk Grymuza, and Natalia Minkowicz-Albert, of the regional employment offices in Warsaw and Jaroslaw).

The study covered three voivodships: Lodz, Przemysl, and Warsaw, selected on the basis of three composite indicators: economic growth, extent of private enterprise, and growth rate of small- and medium-sized companies. It is based on interviews with employees of employment offices and employees and auditors of Internal Revenue, as well as on polling: 300 small- and medium-sized companies with up to 50 employees in the case of industrial and construction companies and up to 20 employees for other companies; a 406-member group of (registered) job seekers; 69 persons engaging in unlicensed vending operations (off-the-truck and ambulant peddlers, stall operators at fairs); and 38 illegally employed foreign nationals (studied only in Przemysl Voivodship; in the last-named case the findings are presented in Column 42, "The Alien in the Hay," of the study).

Investigating the illegal labor market is unusually difficult; this is not a subject amenable to scientific observation. The more so because a system for monitoring illegal employment has not yet been developed here. This makes all the more valuable the attempts to peek offstage and show to the public what is really happening on that market. The value of this study consists in that its authors show restraint in drawing conclusions, do not treat the collected data as representative, and they make cautious generalizations and comparisons with other studies, verify their findings against the background of foreign literature, etc., etc.

Every Fifth....

In the authors' opinion, unreported employment is widespread. It can be estimated to account for 15 to 22 percent of overall employment in the private sector. Work of this type is most often of a temporary and seasonal nature, and it is most often performed

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

by unskilled workers (from 46 to about 64 percent of the indications). At the same time, this "black" labor market varies from region to region, e.g., in Warsaw Voivodship there are definitely more illegally employed professionals, such as accountants, lawyers, or architects—25.8 percent, compared with 8 percent in Lodz Voivodship.

Illegal employment is particularly widespread among the jobless. Nearly 50 percent of those polled admitted to working in more or less permanent, but unreported jobs. But in this case, too, the situation varies locally: In Warsaw Voivodship, where the unemployment rate is low, registered job seekers are in demand and their unreported employment is most often of a permanent nature, whereas in the Lodz and Przemysl voivodships they are as a rule employed occasionally or seasonally.

B. Piasecki and A. Rogut estimate that unreported employment is a source of earnings to from 40 to 60 percent of registered job seekers. It is not unlikely either, in their opinion, that unreported earnings are widespread in the state sector among highly qualified professionals working for the government.

"The actual level of the social security premiums is such that from 22 to even as many as 35 percent of the wages paid by private companies are disbursed without deducting these premiums. The wages thus paid include both honorariums for legitimately concluded and paid commission agreements, contracts for performing specified tasks, etc., and payments to illegally employed individuals. The earnings of the latter vary depending on the occupational status and qualifications of the unreported employee. Often they merely reach the minimum-wage level (especially in the case of foreign nationals and relatively unskilled workers) or the level of wages normally associated with a particular position at a particular company. The unreported employee, as a rule, is paid less than the salary received by a legally employed person performing a similar job in the same company. This rule is most often applied to regular employees for whom 'black market' work is an additional source of income."

The fact that private companies operate illegally so far as employment is concerned is attributed by the authors of the study to the high cost of legal employment and the attendant excessive tax burden on the companies, along with the absence of convenient outside sources for funding current operations and expansion of the company. Of special importance—this being a rather common view—are the extremely high social security premiums that must be paid by employers for their legal employees. This factor, the authors emphasize, should be viewed as the only substantive reason why companies are resorting to illegal employment. The respondents in a poll taken by the Institute for Research into Democracy and Private Enterprise were of the opinion that these premiums should be lowered to 23-25 percent (currently they are 48.5 percent), and that their burden should be apportioned equally between employers and employees. These otherwise warranted dreams have to be for the time being, for various reasons, viewed as pipe dreams, which does not mean that such opinions should be ignored when reforming the social security system.

A Catalogue....

But let us go back to real life. The study in question does a service by providing a kind of catalog of companies likely to engage in unreported employment. Such employment is concentrated mostly in the occupations and activities which, as the authors put it, are service-oriented and characterized by a high labor intensiveness and low capital intensiveness. They include mostly little companies that employ, inclusive of family and relatives, up to 10 persons and handle final processing. Their operations are based almost exclusively on cash settlements. In view of their large number (they account for more than 90 percent of all businesses), geographical dispersion, and the absence of obligation to maintain even elementary bookkeeping, they are the least amenable to any audit.

According to experts from Internal Revenue, employment offices, and labor inspection offices, unreported employment can be found, as a rule, in:

—Private home construction companies where transactions are settled on a cost-effective and personal basis. The borderline at which interest in illegal employment services begins is always the upper limit of the deductions from the personal income tax; this concerns the allowable deductions for the repair and renovation of homes or apartments, construction and conversion of residential buildings, etc.;

—Small construction establishments owned by individuals and civil-law partnerships;

—One-person companies specializing in the conveyance of merchandise;

—Small concrete and stonework companies, along with gravestone companies;

—Vending (retail and wholesale), especially off-the-truck, ambulant, and market-place vending. In this case we are dealing with the conduct of unlicensed commercial operations and/or the simultaneous illegal employment;

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

—Sales commissions;

—Gardening establishments;

—Services, especially sewing and food services. In this case illegal employment reaches particularly high dimensions, the authors state. An example may be Lodz Voivodship, where many families in quite a few Lodz suburbs earn a living from such employment. Polled unemployment office employees stated, "There exist, for example, occupations in which employment offices offer a substantial number of vacancies, but nevertheless the number of job seekers with the corresponding skills is not decreasing. What is more, the more persistent the efforts of employment offices to meet the needs of the labor market and prepare yet another group of job seekers for jobs are, the more the situation is deteriorating. Consider, for example, construction workers and seamstresses. Of the job seekers with these skills or who are retrained in these skills, few find legal employment in these occupations."

It can be assumed, according to the Lodz academics, that most of the companies in which unreported employment is highly concentrated are companies which were early in 1994 excluded from the general rules governing the corporate income tax and subjected to a new form of taxation which prompted them to incline toward unreported employment. About 50 percent of the respondents commented that the lump-sum tax payment has caused such companies to hire more unreported employees (nearly 42 percent in Lodz Voivodship, about 49 percent in Warsaw Voivodship, and 57 percent in Przemysl Voivodship). According to estimates by respondents, such unreported employment has increased by 10 to 30 percent after that new form of taxation was introduced.

The experts' opinions were confirmed by the polls conducted both among employers and registered job seekers. According to these polls, most unreported employment is concentrated at construction companies and small firms employing up to five persons, with manufacturing firms being a minority.

In general, employers view unreported employment negatively. But owing to certain considerations, the authors emphasize, it is viewed as a factor contributing to the growth of small companies, chiefly because it makes it possible to lower the prices of the products and services they offer, to save on wages, and to obtain more capital for current operations. The competitiveness and attractiveness of unreported employment is causing the demand for it to steadily grow. Thus, it is playing a positive role in the present economic situation, by providing a source of the capital needed for company growth. This is so essential because, in the opinion of employers, other favorable conditions for business expansion are absent. This conclusion can be drawn from talks conducted with persons engaging in unregistered business activities. It also ensues from these talks that the opportunities for totally eliminating such small-scale illegal businesses are few. Only a small proportion of respondents declared their desire to legalize their operations, chiefly on condition that the income tax be reduced.

The final conclusion of B. Piasecki and A. Rogut is as follows: "By limiting the number of registered jobs already existing as well as by limiting the growth of new such jobs, and also by reducing the motivation for work in the formal economy (as when welfare recipients derive untaxed incomes at a level close to that of the average national wage while at the same time retaining the right to benefits and free social care such as health care, family allowances, baby-care allowances, etc.), unreported employment affects adversely the regular labor market."

On the other hand, however, if we allow for the expectations on which job seekers make contingent the acceptance of permanent employment, including wage expectations and unwillingness to undergo retraining and accept less convenient working conditions, it is difficult to answer unequivocally the question of to what extent is the limited access to the official labor market a question of objective difficulties and to what extent it is a consequence of the job seeker's unwillingness to accept the costs of gaining an equal opportunity on the regular labor market and of the passivity of the unemployed and their lack of faith in the possibility of finding permanent employment.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Average Earnings of the Unreported Employee (in Percentages)

The Unreported Employee	Average Earnings			
	Up to 2 Million Old Zlotys*	Up to 5 Million Old Zlotys**	Below the Earnings of "Legal" Employees in the Same Jobs	From Several Million to Several Dozen Million Old Zlotys
The unemployed	47.2	37.8	14.3	0.7
Pensioners	57.5	32.3	10.2	0.0
Foreign nationals	60.0	21.4	17.5	1.1
"Legal" workers for whom moonlighting is an additional source of income	32.9	31.8	21.7	5.6
Unskilled workers	55.9	32.3	11.8	0.0
Skilled workers	14.8	56.8	22.9	6.3
Office workers	27.8	37.2	32.5	2.5
The free-lance professions (accountants, lawyers, consultants, etc.)	6.5	20.4	24.9	48.2

Footnotes:

* During the period covered by the study, the legal minimum wage was 2,050,000 old zlotys monthly.

** During the period covered by the study, the average national wage was 5,166,000 old zlotys monthly.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

PD Condemns Russian 'Neoimperialist' Actions

AU2305132895 Bucharest AZI in Romanian 16 May 95 p 3

[Article by Liana Sega: "Pulled From the Outside, Pushed From the Inside, Romania Is Moving Toward the East!"]

[FBIS Translated Excerpt] Yesterday, the Democratic Party [PD] initiated a new type of meeting with the press, especially with the representatives of foreign mass media in Romania. These are timely news conferences, which are brought about by certain events or some special situations and which focus on "hot" issues. From an informational viewpoint, these meetings will complete that party's weekly news conferences.

Yesterday, [PD vice president] Deputy Adrian Severin, with the help of the press, called for solidarity and at the same time raised a serious alarm about the emergence of a phenomenon dangerous for Romania's future and even for European stability. This is the far-from-accidental intensification of disinformation and intoxication of the public through actions ordered by political forces outside our country, in which political forces and personalities in our country are directly involved.

Reiterating the idea that the endorsement of Directive 508 by the Council of Europe represents a great step forward in strengthening the principled practices of this European body and the reason for its existence, Mr. Adrian Severin asked a simple question: "Then what does this general hysteria in our country mean?" He came up with the following explanation: "It is not lack of understanding of facts, but the result of a certain policy and of deliberate acts, which can be described with the phrase 'interference in Romania's internal affairs' and which are implemented through actions of disinformation aimed at promoting Russian interests in Romania. We do not accuse Russia's government or Russia's president, but we know that there are neoimperialist forces there, present in the State Duma, which have precisely this goal."

Mr. Severin continued by recalling a number of deeds that can be proof of the facts stated by him: the removal from office of Sergey Kovalyov, well-known fighter for respect of human rights, who, due to his outstanding activities and as a response to the persecution to which he had been subjected, was recently proposed for the European prize for human rights; Russia's declarations regarding NATO expansion; support of Russia's rights to resort to military intervention in order to defend Russian-speaking populations; the preservation of the 14th Army in Dniester; the situation in Chechnya; the proposal to expand Russian military forces in Caucasia, etc. "All these examples are not accidental but connected to what is happening in Romania. We are afraid that all these things are happening with the culpable cooperation of certain forces in Romania and of certain political forces in the Government Arch," said Adrian Severin.

And as proof of all these statements, Severin drew attention to the real war of disinformation launched in the Romanian mass media, a war whose victims are precisely those who are far removed from conspiracies or far removed from those games. The history of these cases is broad: Journalist Dorina Baesu of ROMANIA LIBERA had to resign because her article, which contained various declarations issued by the PD regarding Recommendation 1201 and other "sensitive" issues, was completely changed by the editorial office, and, by the time it was printed, became an unrecognizable item. Today, journalist Peter Sragher of the daily ADEVARUL is in virtually the same situation of being about to resign for similar reasons. There is also the case of another journalist working for ADEVARUL: Out of an entire article, only her name was left untouched; the rest of the article was massacred. Similar methods are practiced at the daily "AS," where, after the author published an interview with Adrian Severin, the whole editorial—which was in fact commenting on the issues raised in the interview—was "killed" at the printing stage.

In addition to all this, Romanian Television generously broadcast at prime time the ample commentary of a distinguished gentleman who explained to the whole country how excellent the advantages of Romania's integration into the Russian economy would be; and Mr. Grigore Gheorghiu, councillor of Romania's president, disclosed in the publication ROMANUL [THE ROMANIAN]—in true KGB spirit—the suicidal attitude of Europe, which does not sufficiently support Romania's interests. Probably—in the Cotroceni's view—Europe should fight for the integration of Romania in Europe more than Romania itself, or maybe even fight instead of Romania. And, in order to demonstrate his views regarding Europe even better, Mr. Ion Iliescu's counselor uses one single astounding phrase: "The Council of Europe, this postmodern pseudonym of the Comintern." Nobody believes that there is such a democratic spirit prevailing at Cotroceni Palace that it allows for the counselor of the nation's president to have different opinions from those of his chief. Thus, this, and no other, is the way in which the highest institution in the state is regarding Romania's association to the Council of Europe. [passage omitted]

Therefore, the PD calls on all representatives of mass media in Romania and abroad to show solidarity with Romania against the increasingly evident attempts of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the neoimperialist forces in Russia to suppress the interests of our country and, implicitly, of the European community.

"Obviously, Russia should not be isolated, should not be humiliated, and should not be hurt. It should not be regarded as a former power or a sick power. We have advocated and will continue to advocate a continuous support for the democratic process in Russia. And that is what we meant when we said that we do not believe that the Russian Government or presidency are involved in what is happening in our country, but rather certain neoimperialist forces and certain economic-financial circles.

"However, we do not allow Romania to become a sort of 'no-man's-land' between two fronts. The PD sets a single condition: Romania's acceptance in the Euro-Atlantic space. If this condition is fulfilled, the PD is ready to make all possible efforts to support Russia in its own democratization efforts," said Deputy Adrian Severin in conclusion.

Director of ANEA Views Office's Role

AU2305143195 Bucharest VOCEA ROMANIEI in Romanian 17 May 95 pp 1, 3

[Interview with Dr. S.N. Rapeanu, a professor and ANEA director general, by Alexandru Marculescu; place and date not given: "To Make Up for Lost Time"]

[FBIS Translated Text] [Marculescu] Mr. Director General, VOCEA ROMANIEI noted at the relevant time the strategic importance of (re)establishing a national agency for atomic and nuclear matters. Now, when the National Atomic Energy Agency [ANEA] has become a fact and is (still) functioning as a General Directorate within the Ministry of Research and Technology, we would like to ask you to tell us briefly about this agency's role and its major lines of activity.

[Rapeanu] The ANEA represents a specialized body of the central administration that promotes and ensures the state's control over the nuclear activity in Romania.

The overall activity will be carried out on the basis of a national strategy and a uniform program on development of atomic and nuclear energy as well as the utilization of nuclear energy in the economy and in social life. The drafting of a uniform program—that is, the National Nuclear Program (PNN)—by evaluating the viable parts of the latest PNN adopted in 1980 and by assimilating current and future international practices for various types of reactors and for the entire cycle of fuel and heavy water, is a highly imperative task and a task of national importance promoted by the ANEA.

[Marculescu] The ANEA's activity is carried out within two directorates: the Directorate for Strategy and Programs (DSP) and the Directorate for Intersectorial Cooperation and International Relations (DCIRI). Why?

[Rapeanu] By establishing the ANEA, on the basis of Government Decision No. 743/1994, an end was put to the effect of the hasty act to dissolve the CSEN [State Committee for Nuclear Energy] in January 1990, which distributed responsibilities in the nuclear sector between the Nuclear Energy Group of the RENEL [Romanian Electric Power Authority] and the Atomic Physics Institute, with effects that are difficult to evaluate in the nuclear field. That is, first of all, the reason for the lack of a coherent program for promotion of research-development and investment activities in this area, and for inter-sectorial cooperation both at a vertical level, the research-technical achievement-application cycle, and at horizontal level—that is, cooperation among various units in different ministries. Among the consequences of this practice—which in fact were to be expected—one could mention: overlapping activities and research topics regarding the nuclear fuel and heavy water cycle; obtaining appliances and equipment; treating radioactive waste; obtaining financing from the budget or other special funds in various specialized institutions; neglecting the commencement of certain activities or reestablishing with delay those activities that are necessary to disengage nuclear installations and advanced reactor cycles; the production of radioisotopes; training of personnel for nuclear activity; and lacking coordinated relations—which in this way are hardly efficient—with the international specialized bodies, first of all with the International Atomic Energy Agency in Vienna.

Parallel with the act of preparing a draft law on promoting nuclear activity—a draft that has been submitted for thorough study to the ministries involved in achieving the PNN with a view to creating a specialized body of the central state administration—the ANEA, which has an intermediary statute, will elaborate and submit to the government for approval a national nuclear strategy and the program for its implementation. The ANEA's tasks include transfer of technology to authorized economic companies, exchange of specialized technical-scientific information, ensuring special training of personnel to carry out nuclear activity, and informing the public about the risks associated with the nuclear area. Finally, ANEA is empowered to coordinate cooperation with international and national organizations in promoting nuclear activities with a view to concluding accords and contracts for research, development, assistance, and technical expertise; to train specialized personnel; to participate in international meetings on these issues; and to promote other lucrative actions.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Marculescu] Mr. Director General, how is intersectorial cooperation achieved?

[Rapeanu] This intersectorial activity is facilitated by the operation, with a consulting role, of an interministerial Council for Nuclear Energy subordinate to the Ministry of Research and Technology that includes representatives of: the National Atomic Energy Agency; Ministry of Industries; Ministry of Waters, Forests, and Environment Protection; Ministry of Agriculture and Food; Ministry of Health; Ministry of Education; Ministry of Foreign Affairs; Ministry of Finance; Ministry of Trade; Ministry of National Defense; Ministry of Justice; Ministry of Labor and Social Protection; Ministry of Interior; Council for Economic Coordination, Strategy, and Reform; and the Romanian Academy.

[Bucharest COTIDIANUL in Romanian on 17 May 1995, under the title: "Romania Does Not Have Any Legal Norms for the Use of Nuclear Energy" carries the following article signed by AMPRESS:

"In spite of the fact that soon the Cernavoda nuclear-electric power plant will be put into operation, Romania still does not have appropriate legal norms for situations that might arise from the use of nuclear energy.

"We are mainly talking about a security regime, way of dealing in the event of a nuclear accident, responsibility assumed for nuclear damage, etc.

"Although a new law on this issue has been included in the strategy of the specialized ministry, this has not yet reached the parliament"]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

U.S. To 'Strive' for Lifting of Arms Embargo

AU2305075595 Ljubljana Radio Slovenia Network in Slovene 0500 GMT 23 May 95

[FBIS Translated Text] The United States will strive for the lifting of the arms embargo against our country, (Joseph Kruzel), head of the U.S. Defense Department and State Department delegation, said during yesterday's working visit.

The above delegation was received by Prime Minister Janez Drnovsek, Defense Minister Jelko Kacin, and Foreign Minister Zoran Thaler.

Let us also add that a special U.S.-Slovene working group is drafting a program of military cooperation in the coming year.

'Numerous Benefits' From EU Agriculture Deal

AU2205081395 Ljubljana Radio Slovenia Network in Slovene 1700 GMT 19 May 95

[Report by Edo Zitnik from Brussels]

[FBIS Translated Text] According to Dusan Vujadinovic, our chief negotiator on agriculture, Slovenia gained numerous benefits in the realm of classic agricultural produce. It retained the trade privileges that Yugoslavia had enjoyed and the privileges bestowed by the currently applicable cooperation agreement. The trade regime for agricultural produce that we will obtain with associate membership also takes into account the structure of Slovene production.

Apart from the favorable import quotas for individual Slovene agricultural products in the European Union, the negotiators agreed today that, five years after the signing of the agreement, these will increase by an additional 5 percent per year. With the agreement, the European Union will reduce the import tariffs and customs duties for Slovene agricultural produce by 80 percent, while Slovenia will reduce the same for EU agricultural produce by 50 percent, however, only for the individual products that we traditionally import.

As for processed agricultural produce, Slovenia consented to a 25-percent reduction in customs duties from the level set by our new law on customs duties. The European Union renounced the so-called industrial component of the customs duties on Slovene produce, which practically means an improved position for the Slovene agricultural exporters.

The text of our associate membership agreement will be studied again by all EU members on Tuesday [23 May] and on Wednesday it will be discussed by the permanent representatives of the member states in Brussels. If there are no objections by individual members, heads of the Slovene and EU negotiating delegations, Lukman and (About), are expected to initial the agreement in the second half of the week, which creates a theoretical chance that the agreement will be signed at the meeting of the EU foreign ministers on 12 June.

Article Criticizes Foreign Minister Thaler

95BA0237E Ljubljana DNEVNIK in Slovene 21 Apr 95 p 12

[Article by Mirjam Acimov-Oblak: "Lesson of the European Stories"]

[FBIS Translated Text] *Exactly one month after Foreign Minister Zoran Thaler appeared at a news conference at the European Parliament with inexperienced rhetoric, and only five weeks after Rome finally lifted the ban on starting our negotiations on associate membership with the EU, he has become entangled in a dispute with the Italian media again. To be sure, I do not know exactly what the minister said last Friday in Portoroz regarding the unjust Slovene-Italian border and in what context (which would be the key question), because I unfortunately was not at the Portoroz public forum. From what I heard in March in Strasbourg, however, I would say that on this occasion as well our neighbor's media are not far from the truth, or at least that they are fully entitled to treat those statements as they are.*

Politics, including diplomatic approaches, is of course a serious and responsible job, which by the nature of things entails, in addition to broad knowledge, some experience in life and diplomacy, combined with considered and carefully moderated rhetoric. The reference to the fact that the statement about unjust borders was made in the context of Slovene relations with Croatia and that the Italian media took it out of its original context and interpreted it in their own way, consequently, objectively does not carry any real weight. The foreign minister, by definition, should have a sense of what to say to whom. In short, he should anticipate mentally the numerous possible consequences of his words, whether in the real context or an invented one. Otherwise, he has to face the consequences, among which the Italian diplomatic note that the Farnesina, while planning new diplomatic steps, is trying to sell temporarily as a polemic with DELO's report from Portoroz, is not the worst possibility. Specifically, we should be afraid that our Foreign Ministry, headed by young Minister Thaler, will soon run into much worse obstacles in Brussels, which will be gradually created for us by effective lobbying by skillful and experienced Italian diplomacy.

Whether we will be able to count on German friendship to save us in such an event is unfortunately another

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

story, which in spite of Thaler's laconic assertion (on 14 March at the news conference in Strasbourg) that the conclusion of our European agreement can be expected as early as this June, may develop in a completely unexpected way. The minister, in fact, has just proven once again that anticipating events is not among his strongest trump cards, and I seriously wonder why we should consequently believe the prediction that we will not have any major complications in the association negotiations with Brussels. If I leave aside the fact that I am seriously disturbed by the possibility of easy negotiations with a complicated family that is prepared for everything like the Fifteen—even if at first glance this is quite contrary to common sense—I would also say that Thaler's statement is simply on shaky ground, especially now that relations with Rome are becoming more and more complicated.

According to how we ourselves have posed matters, the negotiations with Brussels on the "technical details" of the European agreement really probably could be completed in a few weeks. In our excitement and enthusiasm about entering our savior Europe as soon as possible, in fact, we obviously do not intend to get involved too much with the long-term details of the agreement itself—even though it has already set a lot of traps for the six countries in Central and Eastern Europe, the ones that achieved associate membership before Slovenia, i.e., not only in agricultural trade, which in view of the EU's sacred common agricultural policy is also partly understandable, but also with respect to the officially unhindered commercial flows of industrial goods. In order to avoid similar traps, we would need (once again!) considerable knowledge, negotiating and diplomatic experience, and (at least) some political clear-sightedness, but we have thus gone back to the starting point of our story, which actually is about various forms of dilettantism.

It is clear that once again reporters, who are always available in our country when official scapegoats have to be sought for irresponsible statements, will be blamed for it again, just as it is clear even to children that Thaler really did not want to make an issue out of the Slovene border with Italy. In view of the further complications that is mostly unimportant, however, which means that our repeated excuses that it is an artificially generated polemic, that the split is being inflamed by the media, and that a new polemic does not benefit anyone, are also superfluous and unproductive.

The fact is that with the ill-considered Portoroz statement, phrased in such a way that it could easily be taken out of context, the Italians gained a useful weapon that will help them in Brussels to form an image of Slovenia as a capricious and inconsistent little country. The pattern according to which Thaler's statement can fit into a dangerous rejection of the Helsinki principles that European borders cannot be changed only adds to that image; the real dimensions of this will probably only become apparent at the end of the association negotiations, when our European agreement is about to go into effect.

The image that Rome wants to give us, whether we like it or not, while we ourselves are successfully helping it (Thaler's latest statement is an eloquent example) may prevent that for a long time, and we will not be helped in that regard either by the support in other respects from friendly EU members or by our tremendous desire to jump over the gap between us and the countries that have already achieved associate status as soon as possible. When the Council of Ministers debate on final confirmation of what has been achieved starts after the conclusion of the association negotiations, Rome can always pull out of its sleeve the argument that Slovenia is making an issue of the border and thus rejecting the validity of Helsinki. Furthermore, by hesitating and wavering over implementing what has been promised with respect to constitutional changes following the European model, Slovenia is acting in a non-European and immature manner.

How that image will be reflected in the next phase, when the European Parliament, in which the interests of the numerous parties in the 15 members are expressed more strongly than in other EU institutions, is supposed to ratify our association agreement is already the fifth story in which Minister Thaler, in spite of numerous resounding little statements for domestic political consumption, will ultimately no longer appear.

Poll: Exporters Provide Feedback on Entering EU

95BA0242A Ljubljana SLOVENIA WEEKLY in English 15 Apr 95 pp 3-4

[FBIS Transcribed Text] The majority of Slovene exporters (92 percent) believe that Slovenia should become an European Union (EU) member, while only 8 percent disagree. Nearly six-tenths (57 percent) believe that the year 2005 is the "deadline" for Slovenia to become an EU member, and slightly less than one-third of Slovene exporters believe that Slovenia should enter EU by 2000, according to the opinion poll on the opinion of Slovene exporters on Slovenia's efforts to join EU. The opinion poll was carried out in March by Gral Marketing at the initiative of the Manager Association.

The opinion polls were sent to 200 major Slovene exporters and were addressed to their managers, said the Gral Marketing director Rudi Tavcar on Wednesday, adding that the data was provided by the Slovene Chamber of Economy. Small exporters were not included in

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the opinion poll. Ninety-nine exporters participated in the poll, with the majority of them (over 80 percent) engaged in industry.

The majoriy of the polled exporters (66 percent) believe that the Slovene economy can profit from entering the EU mostly in the sense of higher quality and standardization. Numerous exporters (60 percent) believe in the improvement in modernization of technology and 53 percent believe in the increase in export. Sixteen percent believe that entering the EU would cause Slovenia to sell off immovables and land. In the most difficult field of adjustment the majority of exporters underlined legislation and reduction of restrictions on imports.

One-half of the exporters said that the productivity of their companies compared to their EU rivals is between 70 and 89 percent, one-fourth of the exporters polled believes that it is between 50 and 69 percent, while 16 percent of the exporters said that the level of their company's productivity compared to the EU rivals is 90 or more percent.

The poll showed that the majority of Slovene export companies (70 percent) would need a four-year period of adjustment to the EU.

The exporters also evaluated the role of the state in the Slovene economy compared to the EU members. Forty-four percent is convinced that the role of the state in the economy is more significant in Slovenia than in EU members.

The Manager Association Secretary General Tone Krasovec said that this is the first opinion poll of the kind to have been carried out among representatives of economy and not politicians as usual, adding that all the foreign embassies to Slovenia will be acquainted with the results of the poll.

Report on Foreign Exchange Reserve Figures

95BA0237B Maribor VECER in Slovene 22 Apr 95 p 3

[Unattributed article: "More Than $3 Billion in Foreign Exchange Reserves"]

[FBIS Translated Text] At the end of February Slovenia had $3.0145 billion in its foreign exchange reserves, which is 6.1 percent more than a month before, according to the data in the March bulletin from the Bank of Slovenia. The Bank of Slovenia's foreign exchange reserves ($1.4779 billion) were approximately half of this.

From the end of 1994, when they amounted to $2.7636 billion, to 28 February, the Slovene foreign exchange reserves increased by $250.9 million, or 9.1 percent. After one year, the foreign exchange reserves are 77.4 percent higher.

External Debt Examined End of Feb

95BA0237C Maribor VECER in Slovene 22 Apr 95 p 4

[Unattributed article: "Slovenia's External Debt $2 Billion"]

[FBIS Translated Text] At the end of February Slovenia's external debt amounted to $2.349 billion, of which $2.260 billion is long-term debt and $82 million is short-term debt. The difference of $7 million is the funds used from the International Monetary Fund [IMF], according to the data in the Bank of Slovenia's March bulletin.

Since the end of 1994 Slovenia's external debt has increased by $91 million, with the long-term debt increasing by $88 million and the short-term debt by $3 million. The IMF funds used remained unchanged.

The data on credits approved but not drawn upon indicate that at the end of February there was $386 million in public and publicly guaranteed credits, and $233 million in private credits. The total amount of credits approved but not drawn upon at the end of February 1995 was thus $619 million, which is $40 million more than in 1994.

Minister Dezelak Discusses Economic Goals

95BA0237D Ljubljana DNEVNIK in Slovene 21 Apr 95 p 13

[Interview with Minister Janko Dezelak by Marjan Lacic; place and date not given: "'Our Wages Are Too High'"]

[FBIS Translated Text] *We would rather continue the present battle with inflation than think about devaluing the tolar.*

Ljubljana, 21 Apr—Macroeconomics is a word that we recognize and hear frequently, although probably few people know what it includes. Even the best Slovene economists, who have dealt for a full year with the strategy for Slovene economic development, realize and admit that we still have a lot of gaps in the macroeconomic area. Of course, that is not surprising in a country where we have completely replaced the socioeconomic system in just a few years. We have a separate Ministry of Economic Relations and Development [MEOR], which deals with macroeconomics and handles the elaboration and maintenance of the legal framework within which our economy functions. Recently MEOR has had a new head, Janko Dezelak, who was previously known to the public as director of the Bank Rehabilitation Agency,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

and before that as a deputy in the Slovene Assembly's Chamber of Municipalities.

[Lacic] The 100th day of your service as minister is approaching, a period during which you have been protected against criticism, according to unwritten parliamentary rules. Now, when do you expect the first interpellation against you, and why will it be submitted?

[Dezelak] The very next day after the "closed season" expires! Well, that was more of a joke, but the fact is that the "hunt" for me will be opened very soon. Why could someone possibly submit an interpellation? The topics that the ministry deals with are public ones. They include state interventionism in the areas of energy and municipal services. In those areas the state, through MEOR, directly intervenes in the financial status of some enterprises. Because large financial consequences and conflicting interests are involved, I would perhaps expect an interpellation first of all because of our intervention policy.

[Lacic] What macroeconomic achievement while acting as minister can you particularly boast of?

[Dezelak] The biggest achievement in recent months has undoubtedly been cutting inflation in half. In that regard, I must emphasize that the current rate of inflation is of course not due to any particular activities by MEOR during the period in which I have headed it. At the moment, some processes and trends resulting from longer-term efforts have finally been coordinated. We have probably now reached a point when the government, and our ministry along with it, are beginning the project of grappling with inflationary expectations. That is particularly valid if we believe that inflation, in many respects, is a psychological phenomenon. As we verified with a special survey, most Slovene businessmen have also set a stable, noninflationary environment as their priority goal.

[Lacic] How, then, would you comment on the more or less vocal demands for devaluation of the Slovene tolar, which we have been hearing, allegedly in the interest of Slovene exporters? Any sort of devaluation certainly does not constitute an indication of greater stability.

[Dezelak] That is a question that should first be asked of the governor or council of the Bank of Slovenia, because the central bank has primary responsibility for exchange rate policy. As minister, of course, I support a restrictive monetary policy and the policy of a sliding tolar exchange rate formulated by the Bank of Slovenia. Devaluation always means a break or a jump that changes business conditions instantly. In our case, however, we like to forget that it changes conditions for both exporters and importers. The fact is that current trends in the area of the state's balance of trade and balance of payments do not require such a sharp change in business conditions. Devaluation would also certainly generate a new inflationary spiral. That is why I say that we should forget about devaluation, and struggle instead with inflationary expectations, which is still a fundamental economic goal of the Republic of Slovenia, because an even more stable macroeconomic environment will certainly benefit exporters as well.

[Lacic] But how can we resolve the exporters' difficulties in the short term?

[Dezelak] We can resolve the exporters' difficulties in several ways, and within the government we have prepared several concrete ideas. We can help exporters through a temporary postponement of the payment of several of their legal obligations (taxes and contributions), and through greater financial support for the Slovene Export Company [SID]. Above all, in the long term the SID should compensate for the negative impact of the exchange rate policy upon export performance.

[Lacic] In general, how do you intend to formulate and conduct Slovene macroeconomic policy this year?

[Dezelak] The initial debates on this year's budget showed that most politicians support a balanced fiscal policy and budgetary expenditures without additional borrowing. These are consequently already two important facts, to which we should also add the social pact that was reached, the reduction of unemployment to 1 or 2 percent, the increase in investment funds to over 20 percent of GNP, annual inflation that is at most 10 percent, and an increase in savings at all levels.

If these are then the goals of macroeconomic policy, and they undoubtedly are, then the choice of instruments and partial macroeconomic policies is very limited. For example, we are still left with state interventionism in the public sector. These are very important areas and there is an important message in how the government will behave with respect to the growth of prices where it can control them directly, even in market economies.

We are also left with the extremely important policy of incomes, of course if we ignore interest and exchange rate policy. This, of course, has to do with the policy of wages, which is the most prominent issue at the moment.

[Lacic] What do you think about Slovene wages? Some people claim that they are too high, and others in turn that they are too low.

[Dezelak] Wages should reflect the level of productivity in a given country, especially over a longer period of time. Consequently, if we view wages that way, the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Slovene gross wage is too high in comparison with the Slovene per capita GNP, taking into account the same indicator for the developed West European countries. Specifically, the Slovene GNP is about $7,000 per capita annually, and the Austrian one $24,000, i.e., more than three times as high. If we thus also compare the average wage for both countries, the Slovene wage is about 40 percent higher, although it is of course lower in absolute terms.

[Lacic] The problem of wages in our country is supposed to be resolved by the social pact that was signed by the government and representatives of employers and employees. Isn't that sufficient?

[Dezelak] If we examined the implementation of the social pact at this moment, we would find that the government has already fulfilled most of the obligations it assumed (GNP growth, exports, the balance of payments, inflation, and so forth). On the other hand, wages have grown in real terms, which means, with the social pact that provides for a zero real wage growth this year, that wages would have to be reduced in real terms by the end of the year. I doubt that will happen, of course. The problem of wages in our country is also further multiplied by the universal indexing of all the other entitlements that are based on wages.

Here is one more fact associated with wages: If we analyze the structure of the funds spent in the economy in accordance with the consolidated balance sheet of results, then we can determine that last year Slovene enterprises spent approximately 5 percent of all funds on interest, and about 7 times as much on wages during the same period.

[Lacic] One of the ways to curb wages, of course, is to establish a system in which the "natural" enemies of high wages, the strategic owners of enterprises, will be able to start functioning actively.

[Dezelak] The establishment of the final strategic owners is the ultimate goal of the privatization process in Slovenia. That is why I view privatization as a positive process, although because of the objective complexity of the compromise model adopted, for which I was also "to blame" as a deputy, things are going more slowly than they perhaps could have. To be sure, within MEOR we are preparing several measures that should facilitate the final phase of the privatization process. These are government measures by which we should above all accelerate denationalization, especially with respect to restoration in kind. I myself have never supported the thesis that the restoration of previously stolen property in kind can also give rise to new wrongs. Denationalization is the purest form of privatization. Of course, it is the business of an enlightened state to be able to levy appropriate taxes on the profits from the property thus acquired or restored.

[Lacic] Wouldn't the establishment of bypass enterprises perhaps also be a pure form of privatization?

[Dezelak] If a bypass enterprise has taken over all the financial and other obligations of the enterprise from which it emerged; if the bypass enterprise as an entity represented the most appropriate way to rehabilitate its predecessor; if at the same time it also meant the determination and revival of the sound entrepreneurial nucleus in the old enterprise—then such a bypass enterprise does not seem bad to me as a transitional legal form, from the national economic standpoint.

[Lacic] How do you envision the future taxation of property?

[Dezelak] Simply: Give to God what is God's, and to Caesar what is Caesar's. To go beyond that Biblical expression, I envision the future tax system as a shift from the present monitoring of monetary flows at all levels to the principles of the voluntary declaration of property as the tax basis. Possible "forgetfulness" in that regard should be sanctioned by the immediate nationalization of the unreported property.

Trade Deficit With Visegrad Group Viewed

95BA0237F Ljubljana REPUBLIKA in Slovene 20 Apr 95 p 6

[Article by Andreja Rednak: "Slovenia Only Has a Surplus With Poland"

[FBIS Translated Text] *Deficit in trade with the Visegrad Group; Hungary has introduced an 8-percent tariff; difficult negotiations with Poland on pharmaceutical exports.*

Ljubljana—Free trade agreements between countries are becoming a real hit in the world, on the grounds that liberalization of trade brings the participants larger trade and thus economic growth. Difficulties, however, are also arising, from consequences for the domestic economy to temporary freezes on the agreements because of individual countries' internal difficulties. Slovenia has already concluded agreements with three countries in the Visegrad Group (the Czech Republic, Slovakia, and Hungary), but difficulties have occurred in negotiations with Poland.

Metka Herina from the Ministry of Economic Relations and Development said that at the beginning of May a negotiating team was leaving to continue negotiations on industrial products. The biggest problem is pharmaceuticals, which constitute about 60 percent of Slovene exports to Poland. Slovenia, of course, wants pharmaceu-

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

ticals to be included in List A, for which tariffs will be completely eliminated immediately after the agreement goes into effect. The Poles are opposing this, but our negotiators intend to extract as much as possible. Specifically, the fact is that most countries—those of the EU, the European Free Trade Association [EFTA], and the Central European Free Trade Association [CEFTA]—are exporting their pharmaceutical products to Poland without tariffs. According to Jerina, a tariff only has to be paid for pharmaceuticals from the United States, Japan, and Slovenia. List B will include products for which tariffs will be gradually eliminated by 1 January 1998, and List C will include the exceptions for which the transitional period will last until 2002. The signing of a free trade zone agreement with Poland in the near future is also being prevented by objective circumstances: The Visegrad Group countries, i.e., CEFTA, are in fact negotiating right now on a mutual reduction of tariffs on agricultural products, and so it is not yet clear what the base tariff, which will be the basis for further liberalization, will be. "Negotiations between Slovenia and Poland have thus stopped for at least a month or two in the agricultural area," Metka Jerina said, and added, "There is virtually no longer any possibility that the agreement between Poland and Slovenia might go into effect before 1 January 1996. That delay is likewise affecting our admission to the CEFTA group. Specifically, as long as we have not concluded a free trade agreement with Poland as well, we cannot discuss admission to CEFTA and the signing of the appropriate protocols with each state individually." It is still too early to talk about how the agreement will affect trade between the two countries, but as experiences with agreements with other countries indicate, it will certainly increase the volume of trade. It is more difficult to discuss the structure, although it is already not insignificant that Poland is the only Visegrad Group country with which Slovenia has a trade surplus.

Not everything is going smoothly with the countries with which we already have free trade, either. In 1994, Slovakia, because of its balance of payments deficits, and with the permission of the IMF, introduced a 10-percent duty on all imported goods, and thus also goods from Slovenia, which should have been exempt from duties under the free trade agreement or should have had the tariff reduced. At the end of March Hungary, with which we have had a valid free trade agreement since last July, decided on a similar step. Hungary, according to Roman Veras at the Slovene Chamber of Commerce, introduced an 8-percent tariff on all products from all countries, because of deficits in its balance of payments. The 8-percent tariff thus now also applies to Slovene products, which were exempt from tariffs as of 1 July 1994. Furthermore, the Hungarians also introduced an additional import duty, from 0.6 to 5 percent, for eight products, regardless of origin. "If we also add to that the devaluation of the Hungarian forint," Veras said, "we note that our exporters have had the duties on exports to Hungary increased by 15 to 20 percent. The tariff measures will be in effect until mid-1997, and will be gradually eliminated. We can probably expect a decrease in exports to that country."

In terms of prices, exports to the Czech Republic are thus still the most favorable. We have had a free trade zone agreement with that country since 1 January 1994, when tariffs were cut in half both for our exports to the Czech Republic and for imports of Czech products into Slovenia. This year tariffs were reduced by one-fourth, and will be reduced by the final one-fourth next year. For a few products, a period of gradual liberalization will last until 2001. Otherwise, trade with the Visegrad countries so far still constitutes a very small share of Slovenia's total international trade. None of those countries is even among Slovenia's 10 largest export partners; with respect to imports, Hungary and the Czech Republic are in seventh and eighth place, each with barely 3 percent of total Slovene imports.

[Box, p 6]

Last year Slovene trade with the Visegrad countries was characterized by a considerable increase in the volume of trade, but the ratios between imports and exports remained more or less the same. Last year we exported about $308 million in goods to the Czech Republic, Slovakia, Poland, and Hungary, and we imported $450 million worth, i.e., we had a deficit of a full $140 million in trade with the Visegrad Group. That included our $94 million deficit with the Czech Republic last year, $28 million with Slovakia, and $93 million with Hungary, whereas we had a $73 million surplus in trade with Poland. A similar imbalance in trade, to Slovenia's detriment, has also been apparent in the first months of 1995. Experts, however, point out that this is not anything bad; we buy more products and raw materials from some countries, and sell more to others.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Federal

Government Officials View Lifting of Sanctions

Kontic: 'Without Delay'

AU2205194795 Belgrade RTB Television Network in Serbo-Croatian 1730 GMT 22 May 95

[FBIS Translated Text] Federal Prime Minister Radoje Kontic opened a major symposium of those working in the energy industry in Vrnjacka Banja this evening. The federal prime minister stressed that the sanctions as the main limiting factor of our faster development are not in line with international and human law. The federal prime minister has expressed the belief that, as regards the crisis on the territory of the previous Yugoslavia, the forces of peace are on the rise and that they will win.

The Federal Republic of Yugoslavia is prepared to make its contribution to the realization of that goal, as has been the case so far, Kontic said. Stressing that the Federal Republic of Yugoslavia has convincingly affirmed itself with a constructive peace-loving policy, the federal prime minister said that an increasing number of other countries are launching initiatives aimed at lifting the blockade of our country. We rightly expect the reintegration into the international community, without delay and without any conditions. This would be the greatest contribution to peace in this region.

The federal prime minister spoke in favor of a strategy of the gradual resolution of problems in the power generating industry in the way that would suit the overall implementation of the economic recovery program. In doing so one must make sure that electric power does not become a limiting factor for the development of the economy.

Regarding the current economic situation, the federal prime minister said that the achievement of production dynamism and stability will be more difficult this year than last, as, in addition to the sanctions that are still pressing our economy hard, there are new limiting factors are emerging. In this context, Kontic mentioned the commitment of the federal and republican authorities to a restrictive monetary policy, strictly limited budgets, and the financing of investments in the economy from exclusively real sources.

Zebic Cites Losses

LD2205152495 Belgrade TANJUG Domestic Service in Serbo-Croatian 1240 GMT 22 May 95

[FBIS Translated Text] Novi Sad, 22 May (TANJUG)—Federal Deputy Prime Minister Jovan Zebic said in Novi Sad today that according to the latest estimates, from the period between 1991 and the beginning of 1995 our country suffered losses of over $147 billion as a direct result of secession by former Yugoslav republics and of international sanctions.

Taking part in the international seminar on "How to make firms competitive in free-market economy," he said that sanctions had caused a drop in industrial production, above all in metal processing and machine building industries. In comparison with 1993, foreign trade in 1994 fell by as much as 85 percent.

"All this has restricted the country's development which we expect to continue to slow down several years after the sanctions have been lifted," Zebic said.

He went on to say that thanks to the government's economic stabilization program, industrial production, agriculture, and GNP grew in the first quarter of 1995.

According to him, Yugoslavia's economic policy will continue to be anti-inflationary with emphasis on developing market-oriented system of economic activity, increasing foreign currency reserves, and tackling black market economy.

In the period ahead, the government must monitor price movements and the state will resort to exclusively economic measures to regulate them. This implies stricter measures to protect the stability of the dinar.

"Our most serious problems will be how to find new and bigger markets with our current capacity levels and—once the sanctions have been lifted—find how to join Europe, considering new competitors such as Hungary, the Czech Republic, and the countries of the former Soviet Union," Zebic said.

"For Yugoslavia to rejoin new European and world economic trends it must develop and adapt its own system of regulations in line with the existing world business criteria," Zebic said.

Economic Performance 'Imposing'

LD2305095995 Belgrade TANJUG in English 0909 GMT 23 May 95

["Ecopool" item]

[FBIS Transcribed Text] Belgrade, May 23 (TANJUG)—Yugoslav Director General of Payment Operations Zarija Martinovic said on Monday that the results of Yugoslavia's economy under sanctions in the past year were imposing.

Martinovic told a press conference on Monday that the results were realized in spite of the fact that Yugoslavia had lost about 70 percent of its market with the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

dismembering of the former Yugoslavia, and that the remaining 30 percent, the foreign market, were in fact blocked by sanctions.

That is why the results achieved last year can be compared with the successes of the years of the biggest prosperity in spite of losses which stood at 4.5 billion dinars (about 3.2 billion dollars), he said.

Martinovic also said that the Yugoslav economy last year recorded a growth of one percent against 1993 in industrial production in spite of the sanctions.

The world record inflation in 1993 had destroyed a vital part of the economy, and there is no other country in the world which has ever had such shocks as the Federal Republic of Yugoslavia and yet managed to survive and recover, Martinovic said.

'Neither the economy of Japan nor of the United States could have managed to overcome all that,' Martinovic said.

Article: Conditions for Recognizing FYROM

AU2405081195 Belgrade POLITIKA in Serbo-Croatian 21 May 95 p 7

[Article by Milenko Pesic: "What Is Hindering Mutual Recognition"]

[FBIS Translated Text] Will the liaison bureaus of the Federal Republic of Yugoslavia [FRY] and The Former Yugoslav Republic of Macedonia [FYROM] be open in Belgrade and Skopje? According to indications from our southern neighbor's capital, the bureaus could start operating as early as this fall as a prelude to mutual recognition of the two countries.

Although people with diplomatic bags often travel between Belgrade and Skopje, and vice verse, officials in the FYROM have not yet confirmed that this has something to do with the opening of these quasi diplomatic offices.

First Dealing With Consequences

The Democrats take the view that there are no contentious issues between the two countries that could not be resolved, and that they do not understand why official Belgrade is delaying the recognition of FYROM.

"We are not ruling out the possibility of the bureaus being opened by this fall. After our visit to Skopje, we spoke to Foreign Minister Vladislav Jovanovic about that idea. Jovanovic did not reject our proposal, but did not promise that anything would be done with this issue either. The Democratic Party has the impression that this is not a topic that is being considered in Belgrade," said Ilija Djukic, chairman of the Democratic Party's Foreign Affairs Committee.

The paper of the Macedonian Liberals, a party that is a coalition partner to the ruling Alliance for Macedonia, claims that not only are relations between the FRY and Macedonia not improving, they have reached rock bottom. In our public, on the other hand, the delay in recognizing FYROM is being linked with the dispute between the "Republic of Skopje" and Greece. "We will readily recognize Macedonia after it settles its problems with Athens. There is no other problem between us," Slobodan Milosevic said in an interview for CNN at the end of last year.

Apart from the problem with the name of this seceded Yugoslav republic, which is insisted on by Greece, one of the reasons that mutual recognition has not take place is Belgrade's insistence that FYROM recognize the FRY's right to the international-legal continuity of Socialist Federal Republic of Yugoslavia.

The Federal Foreign Ministry claims that the stand regarding the recognition of FYROM is clear to Skopje and that there are no secrets about it. "Recognition of the former Yugoslav republics has never been disputable for the FRY, but it will come on the agenda only after the consequences of their secession have been resolved," Zivorad Jovanovic, assistant federal foreign minister, said.

Key Presuppositions

In relation to others, the chances of recognizing FYROM are more favorable, there are fewer obstacles on that path, Jovanovic said, because this republic has seceded in a peaceful way and without the use of force.

"The key presuppositions that precede the recognition of FYROM are that Skopje accepts the FRY's right to continue the international legal status of the previous Yugoslavia and find a principled compromise with Greece," Zivadin Jovanovic said.

We do not hide the fact, he said, that Macedonia is our next door neighbor, and that Greece a slightly more distant one, but an important friend.

Regarding the possibility of bureaus being opened in Belgrade and Skopje as an interim act until formal recognition, the ambassador in the Federal Ministry of Foreign Affairs says that "there have been no such initiatives and proposals so far."

According to Jovanovic, all these contentious issues can be resolved in a satisfactory way, but it requires prudence, patience, and flexibility. In addition to having differences, FYROM and FRY also have their interests

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

in improving economic, cultural, and other cooperation. "This is a favorable presupposition in projecting future relations between the two countries, as we are talking about the peoples who have many things in common in their culture and mentality," Jovanovic said.

In addition to common interests, FYROM and FRY are also turned to each other by a joint danger, especially that of the expanding Islamic fundamentalism, the officials in the Federal Foreign Ministry say. "The danger from the north that is mentioned every so often in the Macedonian public is invented in those international circles that do not want to see good relations between Serbia and Macedonia," Zivadin Jovanovic explained.

Article: NIN Surveys Current Readership

95BA0225A Belgrade NIN in Serbo-Croatian 7 Apr 95 p 29

[Article by Zoran Markovic: "Who Reads NIN?"]

[FBIS Translated Text] Average readership for the last issue is 112,867 for NIN, 52,734 for VREME, and 201,129 for TELEGRAF. The leading family and entertainment magazines are BAZAR (365,669), HUPER (350,573), and ZENA (286,421)....

These are the results of a survey done by the Partner Agency concerning the periodical press. Each respondent was asked to name the magazines which he or she had read during the past 30 days.

We should mention that the survey covered a period when NIN was having its well-known problems with the Politika Company, so that under normal circumstances the numbers would have been considerably more favorable to our publication.

The composition of NIN's readership, according to Partner's survey, is mainly what we would expect. Thus, NIN has the best-educated readership: 39.8 percent with higher education, 25.8 percent with secondary education, and 34.4 percent with elementary education. NIN is read mainly by men (74.3 percent), and these are mainly people in their mature years. In the breakdown by age, 2.3 percent of the readers are between the ages of 10 and 17, 16.9 percent between 18 and 29, 41.6 percent between 30 and 49, and 39.2 percent 50 or over. Settlements with a population over 5,000 (towns and cities) account for 58.8 percent of NIN's readership, and rural areas 41.2 percent.

"Media Map 4--Survey of the Media Audience in the Federal Republic of Yugoslavia" of the Partner Agency is an independent commercial research project which attempted to obtain figures on what people are watching, listening to, and reading in our country. (The project was carried out in the period between 5 and 12 December 1994 on a panel sample of 1,500 respondents age 10 and over in the FRY without Kosovo.)

This survey has caused a small storm in the media and among some researchers. One evening newspaper first asked Miladin Kovacevic, assistant director of the Federal Bureau of Statistics, to "comment on the flood of suspicious results such as those of the recently published survey of the Partner Agency." He certainly agreed with this "unbiased" question and emphasized that "aside from the sample, the questionnaires are also very important, and it is always possible to ask questions which suggest answers." And then somewhat later the same newspaper conducted a poll of citizens of Krusevac, where some people (photographs were even printed with a stamp over the faces) say: "This is the paper with the biggest circulation and readership," "It is strange that an agency should say that this paper is bought, but not read" ("Dusan Petronijevic," employee of a socialized firm)....

Darko Brocic, independent researcher of the Partner Agency, commented as follows: "The experience of the Partner Agency shows that the media are mainly in love with themselves and are inclined to belittle the results of any survey with whose results they are unhappy. At the same time, they are also inclined to publish suspicious results if they are to their liking."

At one time, all leading institutions and agencies conducting public opinion research in Serbia signed a code on NIN's initiative which contained the basic principles which should be adhered to in conducting surveys and presenting them in the media. However, the media have not adhered to this, nor have the researchers been altogether consistent. The consequences are obvious.

Serbia

Milosevic Nonrecognition of Bosnia Viewed

Offer Rejected

AU2305163595 Paris AFP in English 1609 GMT 23 May 95

[FBIS Transcribed Text] Belgrade, May 23 (AFP)—Serbian President Slobodan Milosevic has rejected an international proposal to recognize Bosnia in exchange for a suspension of most sanctions imposed on his government, a diplomat said Tuesday [23 May].

Despite widespread speculation that Milosevic would in fact accept the deal and recognize at least Bosnia-Herzegovina's [B-H] borders if not its government, the Serbian leader is instead insisting that the sanctions be lifted altogether, not just suspended, the diplomat said.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

U.S. envoy Robert Frasure left Belgrade Tuesday empty-handed after a week of talks in which he tried to persuade Milosevic to recognize the neighboring republic.

"The talks have broken off," the diplomat said. Frasure left for the United States via Germany, he added.

Serbian recognition of Bosnia-Herzegovina would effectively end the Bosnian Serbs' dream of federation with Belgrade in what they call a Greater Serbia.

Under a plan devised by the United States, all sanctions against Serbia except oil and weapons embargoes would be suspended for 200 days if Belgrade recognized Bosnia-Herzegovina.

The sanctions were imposed against Serbia in 1992 for arming Serb secessionists in Bosnia-Herzegovina. Milosevic has since broken with his Serb brethren in Bosnia, closing the border between the two republics and cutting off military aid.

Ganic: 'Unfortunate'

AU2305173495 Paris AFP in English 1702 GMT 23 May 95

[FBIS Transcribed Text] Belgrade, May 23 (AFP)—In Sarajevo, Bosnian Vice President Ejup Ganic said it was "unfortunate" that Milosevic had not recognized Bosnia and warned that the failure to do so could mean more bloodshed.

"It is unfortunate that he (Milosevic) is hesitating and prolonging the agony. It will encourage the aggression and the aggressor," he told AFP.

Ganic said that it was not still certain that Milosevic had once and for all rejected the U.S. deal to recognise Bosnia.

"We will wait for a day or two to see what his final decision is," he said. "It (recognition of Bosnia) is the only way open unless he wants more fighting in the region," he continued.

"If he hesitates any more it is because the pressure and the sanctions on him are not strong enough. If he continues there should be more sanctions."

Minister Expects Lifting of Sanctions in Jun

LD2305123195 Belgrade TANJUG in English 1218 GMT 23 May 95

["Ecopool" item]

[FBIS Transcribed Text] Belgrade, May 23 (TANJUG)—Minister coordinator in the Serbian Government Dragan Tomic told TANJUG on Tuesday he expected international sanctions to be lifted in June this year.

We expect from public opinion in many countries to exert political and economic pressure for the bilateral lifting of sanctions, or the global lifting of sanctions by the beginning of June this year, Tomic said, on the occasion of the third year of imposition of international sanctions against the Federal Republic of Yugoslavia.

Tomic underscored that at a time when the world is a 'global village' sanctions are violating the basic civilizational principle of freedom of movement of goods, people, ideas and capital.

Instead of the principle of cooperation and positive effects for all, sanctions are a way of imposing the right of might, of arbitrage, harassment and coercion, Tomic said.

He stressed that the Yugoslav leadership and government have done everything to throw light on the absurdity and contradictory nature of sanctions.

Francois Mitterrand, until recently president of France, prbobably described sanctions best when on the occasion of the visit of Cuban President Fidel Castro to Paris he said sanctions were 'nonesense', Tomic said.

Our citizens know best just how much sanctions are baseless, unjustified and humiliating, especially those who have been denied elementry human needs, Tomic said.

The extent of the damages to the economy and population in the territory of the Federal Republic of Yugoslalvia and to the Serb people in the territory of the former Yugoslalvia cannot be fully estimated, Tomic said. Neighbouring countries and Yugoslavia's partners in many countries are also suffering huge damages due to sanctions, Tomic said.

Draskovic: Bonn Sees Serbia as 'Leading Power'

AU2305151095 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 23 May 95

[Report by Dragoljub Stankic on an SPO press conference; place and date not given—recorded]

[FBIS Translated Text] [Stankic] The talks we had in Germany were open, comprehensive, and mutually useful, Vuk Draskovic stressed and said that the party was particularly interested in learning Germany's stance towards the Croatian Army's recent aggression on western Slavonia. Vuk Draskovic said that Foreign Minister Klaus Kinkel and all other officials maintained the same stance and added:

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Draskovic] ...that no one who attempts to solve political or any other problems through war and crimes can count on Germany's political or economic support, but should rather know that all help from abroad will be withheld.

[Stankic] By undertaking the operation in western Slavonia Croatia has come close to crossing the line and any such similar adventure against the Krajina Serbs will be decisively punished. This is Germany's stance and Croatian President Franjo Tudjman has been informed of it. According to Vuk Draskovic, Germany is demanding that the Croatian Army should withdraw from the occupied UN Protected Areas in western Slavonia and that the peace forces should take control over them. He added that Germany sees itself as the primary economic power in Europe and that they are interested in a comprehensive economic, technological, cultural, and other cooperation with Serbia and Montenegro.

[Draskovic] They expect that once the war is over and the sanctions are lifted—and they hope that both things will happen very soon—Serbia will have a similar role, that of a leading economic and political power in the region of the former Yugoslavia and throughout the Balkans.

Citizens Urged To Deposit Cash With Banks

AU2205195395 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 22 May 95

[Report by Vesna Tenovic]

[FBIS Translated Text] Considering the difficult conditions for conducting business activities, the economic results achieved last year can be considered exceptional. We expect the results in the first six months of this year to be even better. This was stated by Zarija Martinovic, director of the Service for Financial Transactions, at a news conference. Here is a report by Vesna Tenovic:

[Tenovic] Despite the fact that the Yugoslav economy last year ran a loss of 4.5 billion dinars, Zarija Martinovic, director of the Service for Financial Transactions, is an optimist:

[Begin Martinovic recording] I personally think that 1995 and the years ahead will be characterized by ever-increasing quality. I am deeply convinced of that. There is only one serious obstacle to this. We must preserve the stable exchange rate of the dinar and not allow inflation to (?return). This means that we are not talking about empty optimism or illusions. I deeply believe that in the years in front of us, Yugoslavia will see gradual improvements in economic development, in terms of new investments and an increase in production. [end recording]

[Tenovic] In his conversation with journalists, Martinovic said that one of the main tasks of the authorities is to encourage citizens to put some of their cash into banks. Of the total amount of 1.2 billion dinars of cash, as much as 900 million is held by the citizens. Of this money, up to about 250 million could be transferred on bank accounts. This would be good for the entire system, especially for banks, Martinovic said.

Deputy Director Momcilo Graovac said that there is an unusually small number of companies that have submitted their accounts for last year. The majority—about 50,000 of them—have probably not done so because there has been no change in their accounts, Graovac said.

The Yugoslav economy is mainly made up of small companies. The private sector has had positive results. Foreign capital amounts to over $70 billion dinars. Of this, 70 percent is social capital [drustveni kaptial]. These are only some of the figures presented to journalists by Momcilo Graovac, deputy director of the Service for Financial Transactions.

Montenegro

Djukanovic Carries Out 'Purge' of Police

AU2305135095 Paris AFP in English 0224 GMT 23 May 95

[Report by Bozo Milicic: "PM Shakes Up Police"]

[FBIS Transcribed Text] Podgorica, Yugoslavia, May 23 (AFP)—Montenegro's police, a byword for fatal "mistakes," arbitrary arrests of opposition figures and its own internal feuding, is being thoroughly shaken out by Prime Minister Milo Djukanovic.

The purge, however, may well put him on a collision course with President Momir Bulatovic.

Manipulation of the media and engineering high-handed sackings in its own ranks were other specialities of the force. Clearly sensing that people in general in the tiny Balkan state had simply become fed up with the police, Djukanovic struck out last week by firing the deeply unpopular interior minister Nikola Pejakovic.

All the opposition parties have been urging his dismissal for the past two years, laying at his door a long series of abuses by the police and the secret service.

Bulatovic however did not want to lose one of his most loyal aides and held out against Pejakovic's removal until forced to give way by the accumulation of grievances against the minister.

The disgrace of Pejakovic, a member of the ruling Democratic Party of Socialists, was followed in quick

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

succession by the resignations of three top aides, including state security chief Bosko Bojovic.

But the head of state managed to get another of his close lieutenants named as replacement to head the interior ministry, Filip Vujanovic, who had been holding the justice portfolio. Before becoming a government minister, Vujanovic was Bulatovic's lawyer in the many libel cases the president has brought against journalists.

What finally determined Djukanovic on the crackdown was the latest incident of police blundering. They had arrested a young man on suspicion of blowing up the flat of a Moslem. They beat him during questioning, and so he "confessed"—but shortly afterwards a neighbour came forward and admitted he was the guilty party.

Pejakovic as interior minister then sacked all the top police in Podgorica, the capital of Montenegro, which with Serbia forms the rump Federal Republic of Yugoslavia. A separate inquiry however showed that it was all a frameup by the state security organisation, under the minister's authority, to compromise the capital's police force.

One of the accusations by opposition movements brought against Pejakovic is that he had been routinely retiring policemen who belonged to their parties.

Another outstanding complaint is that nothing has ever been done to throw light on a series of kidnappings of Moslems and bomb attacks on Moslem-inhabited houses at Pljevlja in the north.

Last year saw the spectacular arrest of 21 members of the Moslem-oriented Democratic Action Party on suspicion of harbouring separatist aims. Pejakovic forced state television to carry a report of the operation filmed by his own service.

Two other questionable incidents dating back to 1993 remain unresolved, including the beating to death of a young man at Niksic during questioning, and the murder in his office here of vice-president Mihajlo Ljesar in circumstances which have never been clarified.

Kosovo

Pan-Serb Meeting Seeks Expulsion of Albanians

AU2305154395 Tirana RILINDJA in Albanian 23 May 95 p 6

[Report by A. Cenaj and E. Berisha: "'Solution': Deport the Albanians"]

[FBIS Translated Text] The long announced Pan-Serb gathering by the so-called Serbian Resistance Movement finally took place last Saturday [20 May] under an awning in the courtyard of Gracanica Monastery. Not all the "wise men of Serbia" answered the call to this "national council," but, besides the penny-pinching organizers (Bulatovic, Trajkovic, Solevic, et al.), representatives of the Serbian Church (Amfilohije Radovic, Atanasije Jevtic, etc.), representatives of science and culture, academicians, and historians took their seats under the improvised awning and in front of an audience of 200. Of the political parties, the Serbian Radical Party led by Vojislav Seselj in particular paid its respects to the gathering, while other parties from Serbia and Montenegro sent lower-level representatives.

The gathering began with the prayer "Boze pravde" [Serbo-Croatian for "O God of justice"]. M. Trajkovic's introductory address and the many speeches that followed then bemoaned in an atmosphere of tension the "fate of Serbdom," which supposedly stands at "a historical, national, and political crossroads." Almost all the speeches were pervaded by fervor, radical criticism of the current regime in Serbia and particularly of Milosevic, and a fear that "the Nemanjici [medieval Serbian dynasty] are turning into Brankovici" [Vuk Brankovic, traitor in medieval Serbian epic].

As always, everybody trumpeted almost in unison that Kosova is "sacred Serbian soil," but also recalled the bitter fact that "the cradle of Serbdom in Kosovo has been emptied." For this, they blamed Milosevic himself, who has not only not done anything "to break the separatist movement," but is even preparing "to turn his back on the Serbs of Kosovo, as he did on our brothers across the Drina." Many speakers offered their own "sovereign remedies" for this, including the reorganization of the state (the elimination of all forms of autonomy, the formation of new Serbian communes in Kosova), a special census (but not before establishing citizenship), the colonization of Kosova with Serbs (sending all the refugees from Bosnia and Croatia to Kosova), the annulment of all contracts for the sale and purchase of real estate since 1941, a radical new demographic policy, the deportation of at least "670,000 Albanians across Prokletija," etc.

A model for this was offered in the shape of Bulgaria, which "expelled more than a million Turks in a lightning operation." According to this model, the world, after initial expressions of unease, would apathetically accept a fait accompli, because it is obvious by now that "nobody is going to come to Kosovo to die for the Albanians."

The Albanians were scornfully mentioned as being "no problem at all. We are a problem, and the main thing is that we should be a compact mass." The speakers' appetites extended beyond Kosova, and the question arose of "What has happened to the Serbian lands?"

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

in today's northern Albania. If there must be talks with any of the Albanians, then they must be with "genuine representatives" like the "Crnoglavojevices" (the Kryeziu family) [Albanian noble family in Kosova before World War II], because "they are aware of their own Slavic origins." It was said that all these things must be carried out at once, now that we are already under sanctions, because time will not wait and tomorrow might be too late. This was repeated several times.

The "Foundations of National Policy in Kosovo and Metohija" program was read out to the audience several times. In this program the "Council" takes it upon itself to define and execute national and state policy and to determine ways to preserve and achieve Serbian national interests. A six-point "Statement on Serbian National Policy" was also put forward, and the composition of the "Serbian National Council for Kosovo and Metohija" was approved. This has about 50 members, including representatives of the church, the parties present at the gathering, intellectuals, historians, writers, demographers, etc., not only from Kosova, Serbia, and Montenegro, but also from beyond (Karadzic, Martic, etc.), and representatives of the Serbian diaspora.

The gathering often assumed the character of a rally, with applause and heckling from the audience, along the lines of "Right on!," "Shut up, or if I get you...," "Lies!," and so forth. Toward noon, the participants in this "Council" left their tin awning in the courtyard of the monastery of Gracanica and adjourned to voice their "anxiety over the fate of Serbdom" at the formal luncheon awaiting them in the nearby Simonida restaurant.

Cases of Serbian Police Arrests, 'Brutality'

AU2305134495

[FBIS Editorial Report] Pristina KOSOVA DAILY REPORT in English No 619 on 22 May carries several reports on Serbian police detentions and arrests of foreign and domestic activists, as well as raids on homes of Albanian residents, accompanied by "harassment" and "police brutality."

It is reported that on 13 May, the Serbian police in Pec detained Arne Andreasson, secretary of the Swedish Fellowship of Reconciliation, together with his interpreter, an English teacher from Malisevo. Andreasson told the Kosova Information Center that "he was halted by a Serbian police patrol" in the vicinity of Pec while on his way back from the Pec Serbian Patriarchy. He was then "sent to a local police station and interrogated for over two hours and later sent to the Serb-run Magistrate Court in Pec. He was fined 50 German marks on grounds that he had not reported his staying at a private home." Mr. Andreasson was subsequently driven back to the police station and "interrogated for an additional four hours about his activities and the purpose of his visit to Kosova." The report also notes that the Serbian policemen "seized large amounts" of his papers, reports, and books, including his personal diary.

Andreasson said "he was ordered by the Serbian police authorities to leave the country within 48 hours and was denied entrance to the country (Serbia and Montenegro) for one year," on grounds that "his visa had expired." However, the imprint of the official seal of the FRY Consulate in Malme, Sweden, where Andreasson got the visa, read that he was "permitted to stay" in the self-styled Yugoslavia from 5-30 May 1995.

His translator also admitted today that he was "interrogated by the Serbian police officers for over six hours" and "threatened and offended on national grounds." The police told him that he would "face charges for having allegedly committed an offense, namely for having not reported to the Serbian authorities about foreign guests visiting his family."

Another report notes that the Serbian-run Magistrate Court in Pristina sentenced Pal Krasniqi, secretary of the Kosova Independent Trade Unions of Secondary Schools, to two months imprisonment. Krasniqi was sentenced for "having called an indoor meeting of his trade union branch" in the premises of a secondary school in Pristina on 17 November 1994. On that occasion, the Serbian police "raided the school" and "harassed several participants" at the meeting.

The Democratic League of Kosova (LDK) sources in Viti report that the Serbian police have "launched a new campaign against LDK activists" in the Viti municipality. On May 15, the Serbian police summoned Qamil Neziri, chairman of the local LDK branch in Tkerpezk village, and three LDK activists in the region to "police informative talks." On 18 May, the Serbian police summoned an LDK activist in Tkerpezk village, who was interrogated "about his political activities with the LDK" and "the funding of Albanian education." The Serbian police also interrogated a local chairman of the Albanian Republican Party.

The LDK sources in Kamenica report that following the arrest of municipal officials in Kamenica, "the wave of repression against members of the local municipal authorities continues." On 16 May, the Serbian police detained three members of the local government, who were held at the police station "for over 12 hours." One of them was reported to have suffered "police brutality" for "over three hours." On 17 May, the Serbian police detained another member of the local

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

government in Kamenica and a correspondent of the BUJKU newspaper.

On 19 May, the Serbian police summoned Rashit Maliqi, chairman of a local LDK branch in Kamenica, to police "informative talks" and interrogated him "about the activities of the LDK as well as of his fellow activists," who are currently "in detention." On 19 May, the Serbian police interrogated Hajrush Ramabaja, chairman of the second LDK branch in Kamenica, about "his political activities and other activists of the LDK." On 20 May, the Serbian police detained and interrogated Jusuf Morina, chairman of the Kosova Peasants Party branch in Kamenica.

It is also reported that the Serbian police raided the premises of a secondary school in Vucitrn and "harassed" the owner of the house in which classes were held. The police also detained two teachers, who were released later in the day.

Sources in Dakovica report that on 20 May, the Serbian police raided the premises of a local primary school in Rogovk village in the Dakovica municipality. The police intervened in the middle of a quiz, forcing the pupils out and detaining two teachers.

A report from Kacanik says that on 18 May, the Serbian police summoned three Albanians to "report at the police station." The Serbian police inspectors asked them to "hand over two revolvers they allegedly were in possession of."

Early morning on 15 May, the Serbian police raided many Albanian homes in Dubravk village in Kacanik and arrested many village residents. On the same day, the Serbian police in Pristina arrested two students from the same village. One of the students was taken to the police station in Ferizaj and "interrogated for several hours." They are still being held "in detention" for "unknown" reasons. On May 20, the Serbian police raided the homes of two brothers in Dubravk village, and detained one of them.

A report from Pec notes that on 17 May, the Serbian police "beat up severely" an Albanian at the police station in Pec, who was reported to have suffered "heavy body injuries" from police beatings and had to "seek medical treatment afterwards."

The LDK sources in Pec report that the Serbian police summoned the school principal at a local primary school in Kligine village in Pec to "so-called police informative talks" and interrogated him "for two days in a row" about "the Albanian education process" and "his political activities as chairman of the local LDK subbranch in Leshan village."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 368
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.